

ESTTA Tracking number: **ESTTA733960**

Filing date: **03/16/2016**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Notice of Opposition

Notice is hereby given that the following party opposes registration of the indicated application.

Opposer Information

Name	Agave Loco LLC
Granted to Date of previous extension	03/16/2016
Address	P.O. Box 323 Deerfield, IL 60015 UNITED STATES

Attorney information	Floyd A. Mandell, Carolyn M. Passen Katten Muchin Rosenman LLP 525 West Monroe Street Chicago, IL 60661 UNITED STATES floyd.mandell@kattenlaw.com, carolyn.passen@kattenlaw.com, julia.kasper@kattenlaw.com, thomas.maas@kattenlaw.com, deborah.wing@kattenlaw.com Phone:312-902-5200
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Applicant Information

Application No	86679965	Publication date	11/17/2015
Opposition Filing Date	03/16/2016	Opposition Period Ends	03/16/2016
Applicant	Brands and Products S.A. Field Zona Libre de Colon Panama City, PANAMA		

Goods/Services Affected by Opposition

Class 033. First Use: 0 First Use In Commerce: 0
All goods and services in the class are opposed, namely: ready to drink rum with cola

Applicant Information

Application No	86679960	Publication date	01/26/2016
Opposition Filing Date	03/16/2016	Opposition Period Ends	
Applicant	Brands and Products S.A. Field Zona Libre de Colon Panama City, PANAMA		

Goods/Services Affected by Opposition


Class 033. First Use: 0 First Use In Commerce: 0


All goods and services in the class are opposed, namely: ready to drink rum with cola

Grounds for Opposition

Priority and likelihood of confusion	Trademark Act section 2(d)
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Marks Cited by Opposer as Basis for Opposition

U.S. Registration No.	3464119	Application Date	10/13/2005
Registration Date	07/08/2008	Foreign Priority Date	NONE
Word Mark	RUMCHATA		
Design Mark			
Description of Mark	NONE		
Goods/Services	Class 033. First use: First Use: 2008/05/13 First Use In Commerce: 2008/05/13 Mixed alcoholic beverages, namely, a cream-based horchata-flavored alcoholic beverage made with rum		

U.S. Registration No.	4058609	Application Date	10/01/2010
Registration Date	11/22/2011	Foreign Priority Date	NONE
Word Mark	YUMCHATA		
Design Mark			
Description of Mark	NONE		
Goods/Services	Class 033. First use: First Use: 2010/10/01 First Use In Commerce: 2010/10/01 Liquor		

U.S. Registration No.	4210462	Application Date	03/01/2010
Registration Date	09/18/2012	Foreign Priority	NONE

		Date	
Word Mark	CHATA		
Design Mark			
Description of Mark	NONE		
Goods/Services	Class 033. First use: First Use: 2011/11/11 First Use In Commerce: 2011/11/11 Mixed alcoholic beverages, namely, a cream-based horchata-flavored alcoholic beverage made with rum		

U.S. Registration No.	4435909	Application Date	03/28/2013
Registration Date	11/19/2013	Foreign Priority Date	NONE
Word Mark	REAL RUMCHATA BRAND RUM CREAM MADE WITH PREMIUM CARIBBEAN RUM		
Design Mark			
Description of Mark	The mark consists of the words "REAL RUMCHATA BRAND RUM CREAM MADE WITH PREMIUM CARIBBEAN RUM", distressed "-" symbols before and after "REAL", a distressed oval below "REAL", above "MADE WITH PREMIUM CARIBBEAN RUM", and around "RUMCHATA BRAND RUM CREAM", and stylized palm trees on opposite sides of the oval.		
Goods/Services	Class 033. First use: First Use: 2013/01/15 First Use In Commerce: 2013/01/15 Mixed alcoholic beverages, namely, a cream-based horchata-flavored alcoholic beverage made with rum		

U.S. Registration No.	4600957	Application Date	02/05/2014
Registration Date	09/09/2014	Foreign Priority Date	NONE
Word Mark	CHATA		

Design Mark	CHATA
Description of Mark	NONE
Goods/Services	Class 033. First use: First Use: 2011/11/11 First Use In Commerce: 2011/11/11 Alcoholic beverages except beers

U.S. Registration No.	4706590	Application Date	02/05/2014
Registration Date	03/24/2015	Foreign Priority Date	NONE
Word Mark	RUMCHATA		
Design Mark	RUMCHATA		
Description of Mark	NONE		
Goods/Services	Class 020. First use: First Use: 2013/11/28 First Use In Commerce: 2013/11/28 Decorative signs, namely, decorative wooden wall signs Class 021. First use: First Use: 2013/11/07 First Use In Commerce: 2013/11/07 Cups; mugs; shot glasses; bottles, sold empty Class 025. First use: First Use: 2013/11/07 First Use In Commerce: 2013/11/07 Clothing, namely, shirts, outerwear in the nature of jackets and pullovers, hats, visors and footwear Class 033. First use: First Use: 2008/05/13 First Use In Commerce: 2008/05/13 Alcoholic beverages except beers		

U.S. Application No.	85630166	Application Date	05/20/2012
Registration Date	NONE	Foreign Priority Date	NONE
Word Mark	FRAPPACHATA		

Design Mark	<h1>Frappachata</h1>
Description of Mark	NONE
Goods/Services	Class 033. First use: First Use: 0 First Use In Commerce: 0 Alcoholic beverages, namely, prepared mixed cocktails made with a cream-based horchata-flavored alcoholic beverage madewith rum

U.S. Application No.	86184305	Application Date	02/04/2014
Registration Date	NONE	Foreign Priority Date	NONE
Word Mark	CAFE CON CHATA		
Design Mark	<h1>CAFE CON CHATA</h1>		
Description of Mark	NONE		
Goods/Services	Class 029. First use: First Use: 0 First Use In Commerce: 0 Coffee creamer Class 030. First use: First Use: 0 First Use In Commerce: 0 Coffee; coffee pods; coffee-based beverages Class 033. First use: First Use: 0 First Use In Commerce: 0 Alcoholic beverages except beers		

U.S. Application No.	86184350	Application Date	02/04/2014
Registration Date	NONE	Foreign Priority Date	NONE
Word Mark	FRAPPACHATA		

Design Mark	FRAPPACHATA
Description of Mark	NONE
Goods/Services	Class 033. First use: First Use: 0 First Use In Commerce: 0 Alcoholic beverages except beers

U.S. Application No.	86184383	Application Date	02/04/2014
Registration Date	NONE	Foreign Priority Date	NONE
Word Mark	JAVACHATA		
Design Mark	JAVACHATA		
Description of Mark	NONE		
Goods/Services	Class 033. First use: First Use: 0 First Use In Commerce: 0 Alcoholic beverages except beers		

U.S. Application No.	86184417	Application Date	02/04/2014
Registration Date	NONE	Foreign Priority Date	NONE
Word Mark	MOCHACHATA		
Design Mark	MOCHACHATA		

Description of Mark	NONE
Goods/Services	Class 033. First use: First Use: 0 First Use In Commerce: 0 Alcoholic beverages except beers

U.S. Application No.	86184947	Application Date	02/05/2014
Registration Date	NONE	Foreign Priority Date	NONE

Word Mark	RUMCHATA
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Design Mark	
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Description of Mark	NONE
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Goods/Services	Class 016. First use: First Use: 0 First Use In Commerce: 0 Recipe books Class 029. First use: First Use: 0 First Use In Commerce: 0 Coffee creamer Class 030. First use: First Use: 0 First Use In Commerce: 0 Candy; coffee; coffee pods; coffee-based beverages
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U.S. Application No.	86636239	Application Date	05/20/2015
Registration Date	NONE	Foreign Priority Date	NONE

Word Mark	RUMCHATA
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Design Mark	
Description of Mark	The mark consists of a three-dimensional configuration of a bottle including a cap, a widened and curved mid-section, a prominent curved taper up to a neck and a more gradual taper down to a bottom. The colors white and gold and the wording "RUMCHATA" are claimed as features of the mark. The cap is a gold color, a white background is applied to the rest of the bottle and the wording "RUMCHATA" appears across the mid-section of the bottle in a gold stylized font.
Goods/Services	Class 033. First use: First Use: 2010/05/31 First Use In Commerce: 2010/05/31 Alcoholic beverages except beers

U.S. Application No.	86184833	Application Date	02/05/2014
Registration Date	NONE	Foreign Priority Date	NONE
Word Mark	CHATA		
Design Mark			
Description of Mark	NONE		
Goods/Services	Class 016. First use: First Use: 0 First Use In Commerce: 0 Recipe books Class 020. First use: First Use: 0 First Use In Commerce: 0 Decorative signs, namely, decorative wooden wall signs		

	<p>Class 021. First use: First Use: 0 First Use In Commerce: 0 Cups; mugs; shot glasses; bottles, sold empty</p> <p>Class 025. First use: First Use: 0 First Use In Commerce: 0 Clothing, namely, shirts, outerwear in the nature of jackets and pullovers, hats, visors and footwear</p> <p>Class 029. First use: First Use: 0 First Use In Commerce: 0 Coffee creamer</p> <p>Class 030. First use: First Use: 0 First Use In Commerce: 0 Candy; coffee; coffee pods; coffee-based beverages</p>
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Attachments	<p>78732628#TMSN.png(bytes) 85143396#TMSN.png(bytes) 77947669#TMSN.png(bytes) 85889413#TMSN.png(bytes) 86184863#TMSN.png(bytes) 86184910#TMSN.png(bytes) 85630166#TMSN.png(bytes) 86184305#TMSN.png(bytes) 86184350#TMSN.png(bytes) 86184383#TMSN.png(bytes) 86184417#TMSN.png(bytes) 86184947#TMSN.png(bytes) 86636239#TMSN.png(bytes) 86184833#TMSN.png(bytes) FINAL Notice of Opposition (BACHATA cola rum).pdf(37760 bytes) BACHATA_Ex 1.pdf(841717 bytes) BACHATA_Ex 2.pdf(1378147 bytes) BACHATA_Ex 3.pdf(723251 bytes) BACHATA_Ex 4.pdf(2113154 bytes) BACHATA_Ex 5.pdf(85923 bytes) BACHATA_Ex 6.pdf(127079 bytes) BACHATA_Ex 7.pdf(110849 bytes) BACHATA_Ex 8.pdf(2005067 bytes) BACHATA_Ex 9.pdf(878819 bytes) BACHATA_Ex 10.pdf(433761 bytes)</p>
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Certificate of Service

The undersigned hereby certifies that a copy of this paper has been served upon all parties, at their address record by First Class Mail on this date.

Signature	/CMP/
Name	Floyd A. Mandell, Carolyn M. Passen
Date	03/16/2016

IN THE UNITED STATES PATENT & TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL & APPEAL BOARD

In re Trademark Application of:

Applicant: Brands and Products S.A.
Serial Nos.: 86/679,965 and 86/679,960
Filed: July 1, 2015
Marks: BACHATA

and



AGAVE LOCO, LLC)	
)	
Opposer,)	
)	
v.)	Opposition No. _____
)	
BRANDS AND PRODUCTS S.A.)	
)	
Applicant.)	

CONSOLIDATED NOTICE OF OPPOSITION

Opposer Agave Loco LLC (“Opposer”) believes that it would be damaged by registration of the mark BACHATA and BACHATA TRADITIONAL REPUBLIC DOMINICAN & Design¹ (“Applicants’ Marks”) as applied for in U.S. Trademark Application Serial Nos. 86/679,965 and 86/679,960 (the “Applications”). Opposer is an Illinois limited liability company having a mailing address at P.O. Box 323, Deerfield, Illinois 60015, and a principal

¹ The Applicant disclaimed any exclusive right to use “TRADITIONAL REPUBLIC DOMINICAN” apart from its mark as applied for.

place of business located at 1175 Corporate Woods Parkway, Suite 218 Vernon Hills, Illinois 60061. The grounds of this Opposition are as follows:

1. On July 1, 2015, Brands and Products S.A. (“Applicant”) filed the intent-to-use Applications in connection with “ready to drink rum with cola” in International Class 33 (“Applicant’s Goods”). U.S. Trademark Application Serial No. 86/679,965 was published for opposition on November 17, 2015 and U.S. Trademark Application Serial No. 86/679,960 was published for opposition on January 26, 2016. The Applicant states in its Applications that it is a public limited company located at Field Zona Libre de Colon, Calle 3era y Avenida 3 era France, Panama City, Panama.

2. From dates well prior to July 1, 2015, Opposer has used in interstate commerce, and continues to use in interstate commerce, the marks RUMCHATA, CHATA, YUMCHATA, and REAL RUMCHATA, etc. & Design in connection with a cream-based horchata-flavored alcoholic beverage made with rum (“Opposer’s Goods”).

3. Opposer owns federal trademark registrations for the marks RUMCHATA, CHATA, YUMCHATA, and REAL RUMCHATA, etc. & Design in Class 33, which are identified in the table below (collectively, the “CHATA Registrations”).

Opposer’s CHATA Registrations

Reg. No.	Mark	Date Filed	Date Registered	Goods
3,464,119	RUMCHATA	10/13/2005	07/08/2008	Class 33: Mixed alcoholic beverages, namely, a cream-based horchata-flavored alcoholic beverage made with rum

Reg. No.	Mark	Date Filed	Date Registered	Goods
4,058,609	YUMCHATA	10/01/2010	11/22/2011	Class 33: Liquor
4,210,462	CHATA	03/01/2010	09/18/2012	Class 33: Mixed alcoholic beverages, namely, a cream-based horchata-flavored alcoholic beverage made with rum
4,435,909	REAL RUMCHATA, etc. & Design	03/28/2013	11/19/2013	Class 33: Mixed alcoholic beverages, namely, a cream-based horchata-flavored alcoholic beverage made with rum
4,600,957	CHATA	02/05/2014	09/09/2014	Class 33: Alcoholic beverages except beers
4,706,590	RUMCHATA	02/05/2014	03/24/2015	Class 33: Alcoholic beverages except beers (and other goods)

True and correct copies of the CHATA Registrations are attached as Exhibit 1. The CHATA Registrations are valid, subsisting and in full force and effect, and Opposer's registration for the mark RUMCHATA is incontestable. True and correct printouts from the U.S. Patent and Trademark Office's Trademark Status & Document Retrieval database and Trademark Electronic Search System, showing the current status and title for the CHATA Registrations, are attached hereto as Exhibit 2.

4. Opposer is the owner of all common law and federal trademark rights in the marks shown in the CHATA Registrations (the "CHATA Marks").

5. In addition, Opposer owns several U.S. trademark applications for marks sharing the common and dominant element “CHATA” as identified in the table below (collectively, the “CHATA Applications”).

The CHATA Applications

Reg./App. No.	Mark	Date Filed	Goods
85/630,166	FRAPPACHATA	05/20/2012	Class 33: Alcoholic beverages, namely, prepared mixed cocktails made with a cream-based horchata-flavored alcoholic beverage made with rum
86/184,305	CAFE CON CHATA	02/04/2014	Class 29: Coffee creamer Class 30: Coffee; coffee pods; coffee-based beverages; Class 33: Alcoholic beverages except beers
86/184,350	FRAPPACHATA	02/04/2014	Class 33: Alcoholic beverages except beers
86/184,383	JAVACHATA	02/04/2014	Class 33: Alcoholic beverages except beers
86/184,417	MOCHACHATA	02/04/2014	Class 33: Alcoholic beverages except beers
86/184,947	RUMCHATA	02/05/2014	Class 29: Coffee creamer Class 30: Candy; coffee; coffee pods; coffee-based beverages (and other goods)
86/184,833	CHATA	02/05/2014	Class 29: Coffee creamer Class 30: Candy; coffee; coffee pods; coffee-based beverages (and other goods)
86/636,239	RUMCHATA & Design	05/20/2015	Class 33: Alcoholic beverages except beers

6. Each of the above CHATA Applications has priority over Applicant’s Applications.

7. Because of the high quality of Opposer's Goods sold under the CHATA Marks and Opposer's extensive advertising and promotion of such marks in connection with Opposer's Goods, Opposer has developed substantial goodwill in its CHATA Marks.

8. Its goodwill is evidenced by the fact that Opposer's Goods have become extremely popular with consumers and continue to grow in popularity. Since the first introduction of RUMCHATA in 2008, approximately 18 million bottles of RUMCHATA have been sold in the United States. In 2014, Opposer's RUMCHATA won a "Fast Track Growth Brands" award, making it one of only 15 spirit brands to receive the award. Additionally, one of the leading industry trade publications noted in December 2014 that "RumChata . . . has become one of the U.S. market's top 10 liqueur brands after several years of eye-catching growth." *Shanken's Impact Newsletter*, December 15, 2014 at p. 5, copy attached as Exhibit 3.

9. The tremendous popularity of Opposer's Goods among consumers in the United States was further recognized within the beverage industry when Opposer won The Beverage Information Group's "Rising Star Brand Growth Award" in 2011, 2012, and 2013 for its RUMCHATA-branded goods. This award recognizes a brand that has demonstrated notable growth so that operators, retailers, and the industry at large can discern existing and emerging trends and tap available opportunities. *See Beverage Dynamics Magazine*, March/April 2012 at p. 28, copy attached as Exhibit 4.

10. In 2012, one of the leading beverage industry trade publications awarded Opposer its annual "Hot Prospects" award for its RUMCHATA-branded goods. Opposer's RUMCHATA was the only product of its type in the United States awarded this honor, and one of only four products containing rum to receive the award. *Shanken News Daily*, September 4, 2012, copy attached as Exhibit 5.

11. In 2013, *In The Mix Magazine*, a leading beverage industry trade publication, reported the widespread popularity of Opposer's RUMCHATA brand among consumers in the United States as follows:

RumChata Brand Rum Cream continued its skyrocketing performance in the first six months of 2013 with a seventy percent increase in sales over the same period in 2012. RumChata has quickly become a call-brand by bar patrons across the country, some of who [*sic*] are now asking for the brand simply by calling for "Chata!" On-premise call is driving the award-winning brand's tremendous growth.

In the Mix Magazine, August 20, 2013, copy attached as Exhibit 6.

12. The attached Exhibit 7 is a May 16, 2013 *Chicago Business Journal* article reporting that Opposer's RUMCHATA brand was the fastest growing spirit brand in the United States. The CHATA Marks have continued to receive recognition; RumChata's success was the cover story in *BIN Magazine* in September 2014, and Opposer's Goods sold under the CHATA Marks were profiled in both *Bloomberg Businessweek* and *Crain's Chicago Business* magazine (attached as composite Exhibit 8; *see also* composite Ex. 9). Moreover, in December 2015, RUMCHATA was applauded for continuing to grow while its competition was struggling. *See Shanken's Impact Newsletter*, December 15, 2015 at p. 11, copy attached as Exhibit 10. This further illustrates the substantial goodwill associated with the CHATA Marks.

Applicant's Confusingly Similar Marks

13. Applicant's Marks and Opposer's CHATA Marks share the visually and phonetically identical "CHATA" element as a dominant component. Consequently, the parties' respective marks look alike and sound alike when pronounced.

14. The goods Applicant intends to offer under its Applicant's Marks are highly similar to Opposer's Goods. Applicant is applying to register Applicant's Marks in connection with ready to drink rum with cola. The registrations for the CHATA Marks include, among

other things, alcoholic beverages except beers and a cream-based horchata-flavored alcoholic beverage made with *rum*. Further, the CHATA Applications discussed above are evidence of Opposer's intent to expand its CHATA Marks to other beverages, such as prepared mixed cocktails made with a cream-based horchata-flavored alcoholic beverage made with rum.

15. Therefore, it is likely that use and registration of Applicant's Marks for "ready to drink rum with cola" would cause a prospective purchaser to mistakenly believe that Opposer has expanded its CHATA brands to the production of such beverage, Opposer's Goods are a key ingredient in Applicant's Goods, Opposer's Goods are related to Applicant's Goods, or Applicant is licensed by Opposer.

16. Consequently, use and registration of Applicant's Marks are likely to cause confusion, mistake, or deception not only as to the source of the goods, but also confusion, mistake, or deception as to whether Applicant's Goods sold under Applicant's Marks are endorsed by, or in some way sponsored by or associated with, Opposer.

17. If Applicant succeeds in registering Applicant's Marks, statutory rights would be created which will be in violation of the earlier established rights of Opposer, harming of Opposer's goodwill and with resultant diminution of Opposer's rights in its CHATA Marks. Hence, registration of Applicant's Marks would result in damage and injury to Opposer and to the public. Therefore, registration of Applicant's Marks should be denied under Section 2(d) of the Lanham Act (15 USC §1052(d)).

WHEREFORE, Opposer files this Consolidated Notice of Opposition and prays that this Opposition be sustained and the Applications be rejected; and Opposer requests such other and further relief as may be deemed just and proper.

Dated: March 16, 2016

Respectfully submitted,

/s/ Carolyn M. Passen

One of the attorneys for Opposer

Floyd A. Mandell

Carolyn M. Passen

Thomas J. Maas

KATTEN MUCHIN ROSENMAN LLP

525 W. Monroe Street

Chicago, Illinois 60661

(312) 902-5200

CERTIFICATE OF SERVICE

I, Carolyn M. Passen, an attorney, hereby certify that on this 16th day of March 2016, a copy of the foregoing ***Consolidated Notice of Opposition*** was served on Applicant's attorney of record via First-class mail, postage pre-paid, at the following address:

Jeffrey M. Furr
Furr Law Firm
2622 Debolt Rd.
Utica, OH 43080-9604

/Carolyn M. Passen/_____

EXHIBIT 1

United States of America
United States Patent and Trademark Office

CHATA

Reg. No. 4,210,462

Registered Sep. 18, 2012

Int. Cl.: 33

TRADEMARK

PRINCIPAL REGISTER

AGAVE LOCO LLC (ILLINOIS LIMITED LIABILITY COMPANY)
PO BOX 323
DEERFIELD, IL 60015

FOR: MIXED ALCOHOLIC BEVERAGES, NAMELY, A CREAM-BASED HORCHATA-
FLAVORED ALCOHOLIC BEVERAGE MADE WITH RUM, IN CLASS 33 (U.S. CLS. 47 AND
49).

FIRST USE 11-11-2011; IN COMMERCE 11-11-2011.

THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PAR-
TICULAR FONT, STYLE, SIZE, OR COLOR.

SN 77-947,669, FILED 3-1-2010.

TRACY CROSS, EXAMINING ATTORNEY



David J. Kyros

Director of the United States Patent and Trademark Office

**REQUIREMENTS TO MAINTAIN YOUR FEDERAL
TRADEMARK REGISTRATION**

**WARNING: YOUR REGISTRATION WILL BE CANCELLED IF YOU DO NOT FILE THE
DOCUMENTS BELOW DURING THE SPECIFIED TIME PERIODS.**

Requirements in the First Ten Years*

What and When to File:

First Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) between the 5th and 6th years after the registration date. *See* 15 U.S.C. §§1058, 1141k. If the declaration is accepted, the registration will continue in force for the remainder of the ten-year period, calculated from the registration date, unless cancelled by an order of the Commissioner for Trademarks or a federal court.

Second Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between the 9th and 10th years after the registration date.*
See 15 U.S.C. §1059.

Requirements in Successive Ten-Year Periods*

What and When to File:

You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between every 9th and 10th-year period, calculated from the registration date.*

Grace Period Filings*

The above documents will be accepted as timely if filed within six months after the deadlines listed above with the payment of an additional fee.

**The United States Patent and Trademark Office (USPTO) will NOT send you any future notice or
reminder of these filing requirements.**

***ATTENTION MADRID PROTOCOL REGISTRANTS:** The holder of an international registration with an extension of protection to the United States under the Madrid Protocol must timely file the Declarations of Use (or Excusable Nonuse) referenced above directly with the USPTO. The time periods for filing are based on the U.S. registration date (not the international registration date). The deadlines and grace periods for the Declarations of Use (or Excusable Nonuse) are identical to those for nationally issued registrations. *See* 15 U.S.C. §§1058, 1141k. However, owners of international registrations do not file renewal applications at the USPTO. Instead, the holder must file a renewal of the underlying international registration at the International Bureau of the World Intellectual Property Organization, under Article 7 of the Madrid Protocol, before the expiration of each ten-year term of protection, calculated from the date of the international registration. *See* 15 U.S.C. §1141j. For more information and renewal forms for the international registration, see <http://www.wipo.int/madrid/en/>.

NOTE: Fees and requirements for maintaining registrations are subject to change. Please check the USPTO website for further information. With the exception of renewal applications for registered extensions of protection, you can file the registration maintenance documents referenced above online at <http://www.uspto.gov>.

Int. Cl.: 33

Prior U.S. Cls.: 47 and 49

Reg. No. 3,464,119

United States Patent and Trademark Office

Registered July 8, 2008

**TRADEMARK
PRINCIPAL REGISTER**

RUMCHATA

AGAVE LOCO LLC (ILLINOIS LTD LIAB CO)
851 GUNNISON STREET, UNIT K
CHICAGO, IL 60640

THE MARK CONSISTS OF STANDARD CHAR-
ACTERS WITHOUT CLAIM TO ANY PARTICULAR
FONT, STYLE, SIZE, OR COLOR.

FOR: MIXED ALCOHOLIC BEVERAGES, NAME-
LY, A CREAM-BASED HORCHATA-FLAVORED
ALCOHOLIC BEVERAGE MADE WITH RUM, IN
CLASS 33 (U.S. CLS. 47 AND 49).

SN 78-732,628, FILED 10-13-2005.

FIRST USE 5-13-2008; IN COMMERCE 5-13-2008.

TINA BROWN, EXAMINING ATTORNEY

United States of America
United States Patent and Trademark Office

YUMCHATA

Reg. No. 4,058,609

Registered Nov. 22, 2011

Int. Cl.: 33

TRADEMARK

PRINCIPAL REGISTER

AGAVE LOCO, LLC (ILLINOIS LIMITED LIABILITY COMPANY)
PO BOX 323
DEERFIELD, IL 60015

FOR: LIQUOR, IN CLASS 33 (U.S. CLS. 47 AND 49).

FIRST USE 10-1-2010; IN COMMERCE 10-1-2010.

THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT, STYLE, SIZE, OR COLOR.

SER. NO. 85-143,396, FILED 10-1-2010.

LOURDES AYALA, EXAMINING ATTORNEY



David J. Kyros

Director of the United States Patent and Trademark Office

**REQUIREMENTS TO MAINTAIN YOUR FEDERAL
TRADEMARK REGISTRATION**

**WARNING: YOUR REGISTRATION WILL BE CANCELLED IF YOU DO NOT FILE THE
DOCUMENTS BELOW DURING THE SPECIFIED TIME PERIODS.**

Requirements in the First Ten Years*
What and When to File:

First Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) between the 5th and 6th years after the registration date. *See* 15 U.S.C. §§1058, 1141k. If the declaration is accepted, the registration will continue in force for the remainder of the ten-year period, calculated from the registration date, unless cancelled by an order of the Commissioner for Trademarks or a federal court.

Second Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between the 9th and 10th years after the registration date.*
See 15 U.S.C. §1059.

Requirements in Successive Ten-Year Periods*
What and When to File:

You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between every 9th and 10th-year period, calculated from the registration date.*

Grace Period Filings*

The above documents will be accepted as timely if filed within six months after the deadlines listed above with the payment of an additional fee.

**The United States Patent and Trademark Office (USPTO) will NOT send you any future notice or
reminder of these filing requirements.**

***ATTENTION MADRID PROTOCOL REGISTRANTS:** The holder of an international registration with an extension of protection to the United States under the Madrid Protocol must timely file the Declarations of Use (or Excusable Nonuse) referenced above directly with the USPTO. The time periods for filing are based on the U.S. registration date (not the international registration date). The deadlines and grace periods for the Declarations of Use (or Excusable Nonuse) are identical to those for nationally issued registrations. *See* 15 U.S.C. §§1058, 1141k. However, owners of international registrations do not file renewal applications at the USPTO. Instead, the holder must file a renewal of the underlying international registration at the International Bureau of the World Intellectual Property Organization, under Article 7 of the Madrid Protocol, before the expiration of each ten-year term of protection, calculated from the date of the international registration. *See* 15 U.S.C. §1141j. For more information and renewal forms for the international registration, see <http://www.wipo.int/madrid/en/>.

NOTE: Fees and requirements for maintaining registrations are subject to change. Please check the USPTO website for further information. With the exception of renewal applications for registered extensions of protection, you can file the registration maintenance documents referenced above online at <http://www.uspto.gov>.

United States of America

United States Patent and Trademark Office



Reg. No. 4,435,909

Registered Nov. 19, 2013

Int. Cl.: 33

TRADEMARK

PRINCIPAL REGISTER

AGAVE LOCO LLC (ILLINOIS LIMITED LIABILITY COMPANY)
PO BOX 323
DEERFIELD, IL 60015

FOR: MIXED ALCOHOLIC BEVERAGES, NAMELY, A CREAM-BASED HORCHATA-FLAVORED ALCOHOLIC BEVERAGE MADE WITH RUM, IN CLASS 33 (U.S. CLS. 47 AND 49).

FIRST USE 1-15-2013; IN COMMERCE 1-15-2013.

OWNER OF U.S. REG. NOS. 3,464,119, 4,058,609, AND 4,210,462.

NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "REAL," "BRAND RUM CREAM" AND "MADE WITH PREMIUM CARIBBEAN RUM", APART FROM THE MARK AS SHOWN.

THE MARK CONSISTS OF THE WORDS "REAL RUMCHATA BRAND RUM CREAM MADE WITH PREMIUM CARIBBEAN RUM", DISTRESSED "-" SYMBOLS BEFORE AND AFTER "REAL", A DISTRESSED OVAL BELOW "REAL", ABOVE "MADE WITH PREMIUM CARIBBEAN RUM", AND AROUND "RUMCHATA BRAND RUM CREAM", AND STYLIZED PALM TREES ON OPPOSITE SIDES OF THE OVAL.

SER. NO. 85-889,413, FILED 3-28-2013.

TOBY BULLOFF, EXAMINING ATTORNEY



Lisa Street Lee

Deputy Director of the United States Patent and Trademark Office

**REQUIREMENTS TO MAINTAIN YOUR FEDERAL
TRADEMARK REGISTRATION**

**WARNING: YOUR REGISTRATION WILL BE CANCELLED IF YOU DO NOT FILE THE
DOCUMENTS BELOW DURING THE SPECIFIED TIME PERIODS.**

Requirements in the First Ten Years*

What and When to File:

First Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) between the 5th and 6th years after the registration date. *See* 15 U.S.C. §§1058, 1141k. If the declaration is accepted, the registration will continue in force for the remainder of the ten-year period, calculated from the registration date, unless cancelled by an order of the Commissioner for Trademarks or a federal court.

Second Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between the 9th and 10th years after the registration date.*
See 15 U.S.C. §1059.

Requirements in Successive Ten-Year Periods*

What and When to File:

You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between every 9th and 10th-year period, calculated from the registration date.*

Grace Period Filings*

The above documents will be accepted as timely if filed within six months after the deadlines listed above with the payment of an additional fee.

**The United States Patent and Trademark Office (USPTO) will NOT send you any future notice or
reminder of these filing requirements.**

***ATTENTION MADRID PROTOCOL REGISTRANTS:** The holder of an international registration with an extension of protection to the United States under the Madrid Protocol must timely file the Declarations of Use (or Excusable Nonuse) referenced above directly with the USPTO. The time periods for filing are based on the U.S. registration date (not the international registration date). The deadlines and grace periods for the Declarations of Use (or Excusable Nonuse) are identical to those for nationally issued registrations. *See* 15 U.S.C. §§1058, 1141k. However, owners of international registrations do not file renewal applications at the USPTO. Instead, the holder must file a renewal of the underlying international registration at the International Bureau of the World Intellectual Property Organization, under Article 7 of the Madrid Protocol, before the expiration of each ten-year term of protection, calculated from the date of the international registration. *See* 15 U.S.C. §1141j. For more information and renewal forms for the international registration, see <http://www.wipo.int/madrid/en/>.

NOTE: Fees and requirements for maintaining registrations are subject to change. Please check the USPTO website for further information. With the exception of renewal applications for registered extensions of protection, you can file the registration maintenance documents referenced above online at <http://www.uspto.gov>.

United States of America
United States Patent and Trademark Office

CHATA

Reg. No. 4,600,957

Registered Sep. 9, 2014

Int. Cl.: 33

TRADEMARK

PRINCIPAL REGISTER

AGAVE LOCO LLC (ILLINOIS LIMITED LIABILITY COMPANY)
P.O. BOX 323
DEERFIELD, IL 60015

FOR: ALCOHOLIC BEVERAGES EXCEPT BEERS, IN CLASS 33 (U.S. CLS. 47 AND 49).

FIRST USE 11-11-2011; IN COMMERCE 11-11-2011.

THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT, STYLE, SIZE, OR COLOR.

OWNER OF U.S. REG. NOS. 3,464,119, 4,210,462 AND OTHERS.

SER. NO. 86-184,863, FILED 2-5-2014.

TINA MAI, EXAMINING ATTORNEY



Michelle K. Lee

Deputy Director of the United States
Patent and Trademark Office

**REQUIREMENTS TO MAINTAIN YOUR FEDERAL
TRADEMARK REGISTRATION**

**WARNING: YOUR REGISTRATION WILL BE CANCELLED IF YOU DO NOT FILE THE
DOCUMENTS BELOW DURING THE SPECIFIED TIME PERIODS.**

Requirements in the First Ten Years*
What and When to File:

First Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) between the 5th and 6th years after the registration date. *See* 15 U.S.C. §§1058, 1141k. If the declaration is accepted, the registration will continue in force for the remainder of the ten-year period, calculated from the registration date, unless cancelled by an order of the Commissioner for Trademarks or a federal court.

Second Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between the 9th and 10th years after the registration date.*
See 15 U.S.C. §1059.

Requirements in Successive Ten-Year Periods*
What and When to File:

You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between every 9th and 10th-year period, calculated from the registration date.*

Grace Period Filings*

The above documents will be accepted as timely if filed within six months after the deadlines listed above with the payment of an additional fee.

**The United States Patent and Trademark Office (USPTO) will NOT send you any future notice or
reminder of these filing requirements.**

***ATTENTION MADRID PROTOCOL REGISTRANTS:** The holder of an international registration with an extension of protection to the United States under the Madrid Protocol must timely file the Declarations of Use (or Excusable Nonuse) referenced above directly with the USPTO. The time periods for filing are based on the U.S. registration date (not the international registration date). The deadlines and grace periods for the Declarations of Use (or Excusable Nonuse) are identical to those for nationally issued registrations. *See* 15 U.S.C. §§1058, 1141k. However, owners of international registrations do not file renewal applications at the USPTO. Instead, the holder must file a renewal of the underlying international registration at the International Bureau of the World Intellectual Property Organization, under Article 7 of the Madrid Protocol, before the expiration of each ten-year term of protection, calculated from the date of the international registration. *See* 15 U.S.C. §1141j. For more information and renewal forms for the international registration, see <http://www.wipo.int/madrid/en/>.

NOTE: Fees and requirements for maintaining registrations are subject to change. Please check the USPTO website for further information. With the exception of renewal applications for registered extensions of protection, you can file the registration maintenance documents referenced above online at <http://www.uspto.gov>.

United States of America
United States Patent and Trademark Office

RUMCHATA

Reg. No. 4,706,590

Registered Mar. 24, 2015

Int. Cls.: 20, 21, 25 and 33

AGAVE LOCO LLC (ILLINOIS LIMITED LIABILITY COMPANY)
P.O. BOX 323
DEERFIELD, IL 60015

FOR: DECORATIVE SIGNS, NAMELY, DECORATIVE WOODEN WALL SIGNS, IN CLASS 20 (U.S. CLS. 2, 13, 22, 25, 32 AND 50).

FIRST USE 11-28-2013; IN COMMERCE 11-28-2013.

TRADEMARK

PRINCIPAL REGISTER

FOR: CUPS; MUGS; SHOT GLASSES; BOTTLES, SOLD EMPTY, IN CLASS 21 (U.S. CLS. 2, 13, 23, 29, 30, 33, 40 AND 50).

FIRST USE 11-7-2013; IN COMMERCE 11-7-2013.

FOR: CLOTHING, NAMELY, SHIRTS, OUTERWEAR IN THE NATURE OF JACKETS AND PULLOVERS, HATS, VISORS AND FOOTWEAR, IN CLASS 25 (U.S. CLS. 22 AND 39).

FIRST USE 11-7-2013; IN COMMERCE 11-7-2013.

FOR: ALCOHOLIC BEVERAGES EXCEPT BEERS, IN CLASS 33 (U.S. CLS. 47 AND 49).

FIRST USE 5-13-2008; IN COMMERCE 5-13-2008.

THE MARK CONSISTS OF STANDARD CHARACTERS WITHOUT CLAIM TO ANY PARTICULAR FONT, STYLE, SIZE, OR COLOR.

OWNER OF U.S. REG. NOS. 3,464,119, 4,210,462 AND OTHERS.

SER. NO. 86-184,910, FILED 2-5-2014.

TINA MAI, EXAMINING ATTORNEY



Michelle K. Lee

Director of the United States
Patent and Trademark Office

**REQUIREMENTS TO MAINTAIN YOUR FEDERAL
TRADEMARK REGISTRATION**

**WARNING: YOUR REGISTRATION WILL BE CANCELLED IF YOU DO NOT FILE THE
DOCUMENTS BELOW DURING THE SPECIFIED TIME PERIODS.**

Requirements in the First Ten Years*

What and When to File:

First Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) between the 5th and 6th years after the registration date. *See* 15 U.S.C. §§1058, 1141k. If the declaration is accepted, the registration will continue in force for the remainder of the ten-year period, calculated from the registration date, unless cancelled by an order of the Commissioner for Trademarks or a federal court.

Second Filing Deadline: You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between the 9th and 10th years after the registration date.*
See 15 U.S.C. §1059.

Requirements in Successive Ten-Year Periods*

What and When to File:

You must file a Declaration of Use (or Excusable Nonuse) **and** an Application for Renewal between every 9th and 10th-year period, calculated from the registration date.*

Grace Period Filings*

The above documents will be accepted as timely if filed within six months after the deadlines listed above with the payment of an additional fee.

***ATTENTION MADRID PROTOCOL REGISTRANTS:** The holder of an international registration with an extension of protection to the United States under the Madrid Protocol must timely file the Declarations of Use (or Excusable Nonuse) referenced above directly with the United States Patent and Trademark Office (USPTO). The time periods for filing are based on the U.S. registration date (not the international registration date). The deadlines and grace periods for the Declarations of Use (or Excusable Nonuse) are identical to those for nationally issued registrations. *See* 15 U.S.C. §§1058, 1141k. However, owners of international registrations do not file renewal applications at the USPTO. Instead, the holder must file a renewal of the underlying international registration at the International Bureau of the World Intellectual Property Organization, under Article 7 of the Madrid Protocol, before the expiration of each ten-year term of protection, calculated from the date of the international registration. *See* 15 U.S.C. §1141j. For more information and renewal forms for the international registration, see <http://www.wipo.int/madrid/en/>.

NOTE: Fees and requirements for maintaining registrations are subject to change. Please check the USPTO website for further information. With the exception of renewal applications for registered extensions of protection, you can file the registration maintenance documents referenced above online at <http://www.uspto.gov>.

NOTE: A courtesy e-mail reminder of USPTO maintenance filing deadlines will be sent to trademark owners/holders who authorize e-mail communication and maintain a current e-mail address with the USPTO. To ensure that e-mail is authorized and your address is current, please use the Trademark Electronic Application System (TEAS) Correspondence Address and Change of Owner Address Forms available at <http://www.uspto.gov>.

EXHIBIT 2



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TESS was last updated on Wed Mar 16 03:20:55 EDT 2016

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CHATA

Word Mark	CHATA
Goods and Services	IC 033. US 047 049. G & S: Mixed alcoholic beverages, namely, a cream-based horchata-flavored alcoholic beverage made with rum. FIRST USE: 20111111. FIRST USE IN COMMERCE: 20111111
Standard Characters Claimed	
Mark Drawing Code	(4) STANDARD CHARACTER MARK
Serial Number	77947669
Filing Date	March 1, 2010
Current Basis	1A
Original Filing Basis	1B
Published for Opposition	April 3, 2012
Registration Number	4210462
International Registration Number	1154003
Registration Date	September 18, 2012
Owner	(REGISTRANT) Agave Loco LLC LIMITED LIABILITY COMPANY ILLINOIS PO Box 323 Deerfield ILLINOIS 60015

**Attorney of
Record** John E. Munger
Type of Mark TRADEMARK
Register PRINCIPAL
**Live/Dead
Indicator** LIVE

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TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

ETAS ID: TM342256

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Agave Loco LLC		05/21/2015	LIMITED LIABILITY COMPANY: ILLINOIS
RECEIVING PARTY DATA			
Name:	MUFG Union Bank, N.A.		
Street Address:	350 California Street		
Internal Address:	10th Floor		
City:	San Francisco		
State/Country:	CALIFORNIA		
Postal Code:	94104-1402		
Entity Type:	national banking association: CALIFORNIA		
PROPERTY NUMBERS Total: 7			
Property Type	Number	Word Mark	
Registration Number:	4706590	RUMCHATA	
Registration Number:	4600957	CHATA	
Registration Number:	4435909	REAL RUMCHATA BRAND RUM CREAM MADE WITH	
Registration Number:	4058609	YUMCHATA	
Registration Number:	3486337	AGAVE LOCO	
Registration Number:	3464119	RUMCHATA	
Registration Number:	4210462	CHATA	
CORRESPONDENCE DATA			
Fax Number:	4154343947		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	415 434 9100		
Email:	m.kahn@sheppardmullin.com, pmarquez@sheppardmullin.com		
Correspondent Name:	Michelle D. Kahn, Sheppard Mullin		
Address Line 1:	Four Embarcadero Center		
Address Line 2:	17th Floor		
Address Line 4:	San Francisco, CALIFORNIA 94111		
ATTORNEY DOCKET NUMBER:	0A22-209837		

CH \$190.00 4706590

NAME OF SUBMITTER:	Michelle D. Kahn
SIGNATURE:	/MDK/
DATE SIGNED:	05/22/2015
Total Attachments: 4 source=Agave Loco Security Agrmt#page1.tif source=Agave Loco Security Agrmt#page2.tif source=Agave Loco Security Agrmt#page3.tif source=Agave Loco Security Agrmt#page4.tif	

SECURITY AGREEMENT (SHORT FORM)

This Security Agreement (Short From) ("Agreement") is made as of May 21, 2015 between Agave Loco LLC, a limited liability company organized and existing under the laws of the State of Illinois, having offices at 1175 Corporate Woods Parkway, Suite 218, Vernon Hills, IL 60061 (the "Grantor") and MUFG Union Bank, N.A. a national banking association formed under the laws of the United States, having offices at 350 California Street, 10th Floor, San Francisco, CA 94104-1402, (the "Secured Party");

WHEREAS, Grantor is the owner of the trademark applications and registrations identified on Schedule 1 attached hereto (collectively the "Trademarks"); and

WHEREAS, Grantor is obligated to the Secured Party under the terms of a certain Security Agreement by and among Grantor and the Secured Party dated as of May 21, 2015 (the "Security Agreement");

NOW THEREFORE, pursuant to the terms of the Security Agreement and for good and valuable consideration, the receipt of which is hereby acknowledged, Grantor confirms that it has granted to the Secured Party a security interest in all Grantor's right, title and interest in and to the Trademarks, together with the goodwill of the business symbolized by such Trademarks.


Grantor does hereby acknowledge and affirm that the rights and remedies of Secured Party with respect to the foregoing security interest in the Trademarks confirmed hereby are more fully set forth in the Security Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein, and that this document is subject to the terms and conditions of the Security Agreement

*[Remainder of page intentionally left blank.
Signature page follows.]*

IN WITNESS WHEREOF, the undersigned has executed this Agreement by its duly authorized officer as of the date first written above.

"Grantor"

AGAVE LOCO LLC,
an Illinois limited liability company

By: 
Name: Thomas E. Maas
Title: Manager

ACCEPTED AND AGREED AS OF THE
DATE FIRST ABOVE WRITTEN:

"Secured Party"

MUFG UNION BANK, N.A.,

By: 

Name: Arash Ghassemi

Title: Vice President

Schedule 1

The Trademarks

Mark	Application No.	Application Date	Registration No.	Registration Date	Status of Mark	Owner
RUMCHATA	86184910	2/5/14	4706590	3/24/15	Registered	Agave Loco LLC
CHATA	86184863	2/5/14	4600957	9/9/14	Registered	Agave Loco LLC
REAL RUMCHATA BRAND RUM CREAM MADE WITH PREMIUM CARIBBEAN RUM	85889413	3/28/13	4435909	11/19/13	Registered	Agave Loco LLC
YUMCHATA	85143396	10/1/10	4058609	11/22/11	Registered	Agave Loco LLC
AGAVE LOCO	78809535	2/7/06	3486337	8/12/08	Registered	Agave Loco LLC
RUMCHATA	78732628	10/13/2005	3464119	7/8/08	Registered	Agave Loco LLC
CHATA	77947669	3/1/10	4210462	9/18/12	Registered	Agave Loco LLC



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NEXT LIST	FIRST DOC	PREV DOC	NEXT DOC	LAST DOC					

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TSDR	ASSIGN Status	TTAB Status
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RUMCHATA

Word Mark	RUMCHATA
Goods and Services	IC 033. US 047 049. G & S: Mixed alcoholic beverages, namely, a cream-based horchata-flavored alcoholic beverage made with rum. FIRST USE: 20080513. FIRST USE IN COMMERCE: 20080513
Standard Characters Claimed	
Mark Drawing Code	(4) STANDARD CHARACTER MARK
Serial Number	78732628
Filing Date	October 13, 2005
Current Basis	1A
Original Filing Basis	1B
Published for Opposition	February 20, 2007
Registration Number	3464119
International Registration Number	1018278
Registration Date	July 8, 2008
Owner	(REGISTRANT) AGAVE LOCO LLC LIMITED LIABILITY COMPANY ILLINOIS P. O. Box 323

Deerfield ILLINOIS 60015

**Assignment
Recorded**

ASSIGNMENT RECORDED

**Attorney of
Record**

John E. Munger

**Type of Mark
Register**

TRADEMARK

PRINCIPAL

Affidavit Text

SECT 15. SECT 8 (6-YR).

**Live/Dead
Indicator**

LIVE

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TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Rumchata LLC		12/06/2006	LIMITED LIABILITY COMPANY: ILLINOIS
RECEIVING PARTY DATA			
Name:	Agave Loco LLC		
Street Address:	851 Gunnison Street, Unit K		
City:	Chicago		
State/Country:	ILLINOIS		
Postal Code:	60640		
Entity Type:	LIMITED LIABILITY COMPANY: ILLINOIS		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Serial Number:	78732628	RUMCHATA	
CORRESPONDENCE DATA			
Fax Number: (262)632-2257			
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>			
Phone: 262-632-6900			
Email: kfinder@janlaw.com			
Correspondent Name: John E. Munger			
Address Line 1: 245 Main Street			
Address Line 4: Racine, WISCONSIN 53403			
NAME OF SUBMITTER:	John E. Munger		
Signature:	/john e munger/		
Date:	01/02/2007		
Total Attachments: 2			

CH 78732628 \$40.00

900065847

TRADEMARK
REEL: 003453 FRAME: 0645

source=2007-01-02 AS assignment#page1.tif
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ASSIGNMENT

This Agreement is executed this 6th day of December 2006 by and between Rumchata LLC, an Illinois limited liability company with offices at 851 Gunnison Street, Unit K, Chicago, Illinois 60640 (Assignor) and Agave Loco LLC, an Illinois limited liability company also with offices at 851 Gunnison Street, Unit K, Chicago, Illinois 60640 (Assignee);

WHEREAS Assignor and Assignee are related companies and have common owners, officers and directors:

WHEREAS Assignor and Assignee are in the process of restructuring and reorganizing their respective businesses such that Assignor will fully terminate, wind up and conclude all of its business and Assignee will assume an of Assignee's business, thereby becoming the successor to the entirety of Assignee's business within the meaning of 15 U.S.C. Section 1060 and 37 C.F.R. Section 3.16:

WHEREAS Assignor is the owner of all right, title and interest in and to the Rumchata and U.S. Trademark Application Serial No. 78/732628 for the trademark Rumchata; and

WHEREAS Assignor desires to assign, and Assignee desires to acquire the trademark Rumchata and U.S. Trademark Application Serial No. 78/732628 as part of the aforementioned restructuring and reorganization,

NOW, THEREFORE, for ten dollars (\$10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, said Assignor does hereby assign unto the said Assignee all right, title and interest in and to the trademark Rumchata together with the good will of the business symbolized by the mark, and U.S. Trademark Application Serial No. 78/732628 for the trademark Rumchata.

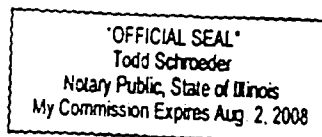
Rumchata LLC

By: *John Schroeder*

Its: *Secretary*

STATE OF Illinois

COUNTY OF Cook



On this 6th day of December 2006, before me appeared and the persons who signed this instrument, each of whom acknowledged that he signed it as a free act on behalf of the identified-limited liability company.

Notary Public *T. Schroeder*

Agave Loco LLC

By: Thomas & Ken

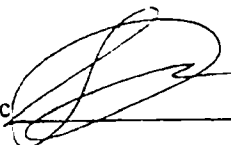
Its: Presidents

STATE OF IL

COUNTY OF IL

On this 20 day of December 2006, before me appeared and the persons who signed this instrument, each of whom acknowledged that he signed it as a free act on behalf of the identified limited liability company.

Notary Public



TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

ETAS ID: TM342256

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Agave Loco LLC		05/21/2015	LIMITED LIABILITY COMPANY: ILLINOIS
RECEIVING PARTY DATA			
Name:	MUFG Union Bank, N.A.		
Street Address:	350 California Street		
Internal Address:	10th Floor		
City:	San Francisco		
State/Country:	CALIFORNIA		
Postal Code:	94104-1402		
Entity Type:	national banking association: CALIFORNIA		
PROPERTY NUMBERS Total: 7			
Property Type	Number	Word Mark	
Registration Number:	4706590	RUMCHATA	
Registration Number:	4600957	CHATA	
Registration Number:	4435909	REAL RUMCHATA BRAND RUM CREAM MADE WITH	
Registration Number:	4058609	YUMCHATA	
Registration Number:	3486337	AGAVE LOCO	
Registration Number:	3464119	RUMCHATA	
Registration Number:	4210462	CHATA	
CORRESPONDENCE DATA			
Fax Number:	4154343947		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	415 434 9100		
Email:	m.kahn@sheppardmullin.com, pmarquez@sheppardmullin.com		
Correspondent Name:	Michelle D. Kahn, Sheppard Mullin		
Address Line 1:	Four Embarcadero Center		
Address Line 2:	17th Floor		
Address Line 4:	San Francisco, CALIFORNIA 94111		
ATTORNEY DOCKET NUMBER:	0A22-209837		

CH \$190.00 4706590

NAME OF SUBMITTER:	Michelle D. Kahn
SIGNATURE:	/MDK/
DATE SIGNED:	05/22/2015
Total Attachments: 4 source=Agave Loco Security Agrmt#page1.tif source=Agave Loco Security Agrmt#page2.tif source=Agave Loco Security Agrmt#page3.tif source=Agave Loco Security Agrmt#page4.tif	

SECURITY AGREEMENT (SHORT FORM)

This Security Agreement (Short From) ("Agreement") is made as of May 21, 2015 between Agave Loco LLC, a limited liability company organized and existing under the laws of the State of Illinois, having offices at 1175 Corporate Woods Parkway, Suite 218, Vernon Hills, IL 60061 (the "Grantor") and MUFG Union Bank, N.A. a national banking association formed under the laws of the United States, having offices at 350 California Street, 10th Floor, San Francisco, CA 94104-1402, (the "Secured Party");

WHEREAS, Grantor is the owner of the trademark applications and registrations identified on Schedule 1 attached hereto (collectively the "Trademarks"); and

WHEREAS, Grantor is obligated to the Secured Party under the terms of a certain Security Agreement by and among Grantor and the Secured Party dated as of May 21, 2015 (the "Security Agreement");

NOW THEREFORE, pursuant to the terms of the Security Agreement and for good and valuable consideration, the receipt of which is hereby acknowledged, Grantor confirms that it has granted to the Secured Party a security interest in all Grantor's right, title and interest in and to the Trademarks, together with the goodwill of the business symbolized by such Trademarks.


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*[Remainder of page intentionally left blank.
Signature page follows.]*

IN WITNESS WHEREOF, the undersigned has executed this Agreement by its duly authorized officer as of the date first written above.

"Grantor"

AGAVE LOCO LLC,
an Illinois limited liability company

By: 
Name: Thomas E. Maas
Title: Manager

ACCEPTED AND AGREED AS OF THE
DATE FIRST ABOVE WRITTEN:

"Secured Party"

MUFG UNION BANK, N.A.,

By: 

Name: Arash Ghassemi

Title: Vice President

Schedule 1

The Trademarks

Mark	Application No.	Application Date	Registration No.	Registration Date	Status of Mark	Owner
RUMCHATA	86184910	2/5/14	4706590	3/24/15	Registered	Agave Loco LLC
CHATA	86184863	2/5/14	4600957	9/9/14	Registered	Agave Loco LLC
REAL RUMCHATA BRAND RUM CREAM MADE WITH PREMIUM CARIBBEAN RUM	85889413	3/28/13	4435909	11/19/13	Registered	Agave Loco LLC
YUMCHATA	85143396	10/1/10	4058609	11/22/11	Registered	Agave Loco LLC
AGAVE LOCO	78809535	2/7/06	3486337	8/12/08	Registered	Agave Loco LLC
RUMCHATA	78732628	10/13/2005	3464119	7/8/08	Registered	Agave Loco LLC
CHATA	77947669	3/1/10	4210462	9/18/12	Registered	Agave Loco LLC



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TSDR	ASSIGN Status	TTAB Status
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YUMCHATA

Word Mark	YUMCHATA
Goods and Services	IC 033. US 047 049. G & S: Liquor. FIRST USE: 20101001. FIRST USE IN COMMERCE: 20101001
Standard Characters Claimed	
Mark Drawing Code	(4) STANDARD CHARACTER MARK
Serial Number	85143396
Filing Date	October 1, 2010
Current Basis	1A
Original Filing Basis	1A
Published for Opposition	September 6, 2011
Registration Number	4058609
Registration Date	November 22, 2011
Owner	(REGISTRANT) Agave Loco , LLC LIMITED LIABILITY COMPANY ILLINOIS PO Box 323 Deerfield ILLINOIS 60015
Attorney of Record	John E. Munger
Type of Mark	TRADEMARK
Register	PRINCIPAL
Live/Dead Indicator	LIVE

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TRADEMARK ASSIGNMENT COVER SHEET

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ETAS ID: TM342256

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Agave Loco LLC		05/21/2015	LIMITED LIABILITY COMPANY: ILLINOIS
RECEIVING PARTY DATA			
Name:	MUFG Union Bank, N.A.		
Street Address:	350 California Street		
Internal Address:	10th Floor		
City:	San Francisco		
State/Country:	CALIFORNIA		
Postal Code:	94104-1402		
Entity Type:	national banking association: CALIFORNIA		
PROPERTY NUMBERS Total: 7			
Property Type	Number	Word Mark	
Registration Number:	4706590	RUMCHATA	
Registration Number:	4600957	CHATA	
Registration Number:	4435909	REAL RUMCHATA BRAND RUM CREAM MADE WITH	
Registration Number:	4058609	YUMCHATA	
Registration Number:	3486337	AGAVE LOCO	
Registration Number:	3464119	RUMCHATA	
Registration Number:	4210462	CHATA	
CORRESPONDENCE DATA			
Fax Number:	4154343947		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	415 434 9100		
Email:	m.kahn@sheppardmullin.com, pmarquez@sheppardmullin.com		
Correspondent Name:	Michelle D. Kahn, Sheppard Mullin		
Address Line 1:	Four Embarcadero Center		
Address Line 2:	17th Floor		
Address Line 4:	San Francisco, CALIFORNIA 94111		
ATTORNEY DOCKET NUMBER:	0A22-209837		

CH \$190.00 4706590

NAME OF SUBMITTER:	Michelle D. Kahn
SIGNATURE:	/MDK/
DATE SIGNED:	05/22/2015
Total Attachments: 4 source=Agave Loco Security Agrmt#page1.tif source=Agave Loco Security Agrmt#page2.tif source=Agave Loco Security Agrmt#page3.tif source=Agave Loco Security Agrmt#page4.tif	

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By: 
Name: Thomas E. Maas
Title: Manager

ACCEPTED AND AGREED AS OF THE
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MUFG UNION BANK, N.A.,

By: 

Name: Arash Ghassemi

Title: Vice President

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RUMCHATA	78732628	10/13/2005	3464119	7/8/08	Registered	Agave Loco LLC
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Word Mark REAL RUMCHATA BRAND RUM CREAM MADE WITH PREMIUM CARIBBEAN RUM
Goods and Services IC 033. US 047 049. G & S: Mixed alcoholic beverages, namely, a cream-based horchata-flavored alcoholic beverage made with rum. FIRST USE: 20130115. FIRST USE IN COMMERCE: 20130115
Mark Drawing Code (3) DESIGN PLUS WORDS, LETTERS, AND/OR NUMBERS
Design Search Code 05.01.03 - Palm trees
 05.01.10 - More than one tree or bush; thicket; group of trees; Thicket
 26.03.02 - Ovals, plain single line; Plain single line ovals
 26.17.01 - Bands, straight; Bars, straight; Lines, straight; Straight line(s), band(s) or bar(s)
 26.17.05 - Bands, horizontal; Bars, horizontal; Horizontal line(s), band(s) or bar(s); Lines, horizontal
Serial Number 85889413
Filing Date March 28, 2013
Current Basis 1A
Original Filing Basis 1A
Published for Opposition September 3, 2013
Registration Number 4435909
Registration November 19, 2013

Date

Owner (REGISTRANT) **Agave Loco** LLC LIMITED LIABILITY COMPANY ILLINOIS PO Box 323 Deerfield ILLINOIS 60015

Attorney of Record John E. Munger

Prior Registrations 3464119;4058609;4210462

Disclaimer NO CLAIM IS MADE TO THE EXCLUSIVE RIGHT TO USE "REAL," "BRAND RUM CREAM" AND "MADE WITH PREMIUM CARIBBEAN RUM" APART FROM THE MARK AS SHOWN

Description of Mark Color is not claimed as a feature of the mark. The mark consists of the words "REAL RUMCHATA BRAND RUM CREAM MADE WITH PREMIUM CARIBBEAN RUM", distressed "-" symbols before and after "REAL", a distressed oval below "REAL", above "MADE WITH PREMIUM CARIBBEAN RUM", and around "RUMCHATA BRAND RUM CREAM", and stylized palm trees on opposite sides of the oval.

Type of Mark TRADEMARK

Register PRINCIPAL

Live/Dead Indicator LIVE

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RECEIVING PARTY DATA			
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Street Address:	350 California Street		
Internal Address:	10th Floor		
City:	San Francisco		
State/Country:	CALIFORNIA		
Postal Code:	94104-1402		
Entity Type:	national banking association: CALIFORNIA		
PROPERTY NUMBERS Total: 7			
Property Type	Number	Word Mark	
Registration Number:	4706590	RUMCHATA	
Registration Number:	4600957	CHATA	
Registration Number:	4435909	REAL RUMCHATA BRAND RUM CREAM MADE WITH	
Registration Number:	4058609	YUMCHATA	
Registration Number:	3486337	AGAVE LOCO	
Registration Number:	3464119	RUMCHATA	
Registration Number:	4210462	CHATA	
CORRESPONDENCE DATA			
Fax Number:	4154343947		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	415 434 9100		
Email:	m.kahn@sheppardmullin.com, pmarquez@sheppardmullin.com		
Correspondent Name:	Michelle D. Kahn, Sheppard Mullin		
Address Line 1:	Four Embarcadero Center		
Address Line 2:	17th Floor		
Address Line 4:	San Francisco, CALIFORNIA 94111		
ATTORNEY DOCKET NUMBER:	0A22-209837		

CH \$190.00 4706590

NAME OF SUBMITTER:	Michelle D. Kahn
SIGNATURE:	/MDK/
DATE SIGNED:	05/22/2015
Total Attachments: 4 source=Agave Loco Security Agrmt#page1.tif source=Agave Loco Security Agrmt#page2.tif source=Agave Loco Security Agrmt#page3.tif source=Agave Loco Security Agrmt#page4.tif	

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By: 
Name: Thomas E. Maas
Title: Manager

ACCEPTED AND AGREED AS OF THE
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CHATA

Word Mark	CHATA
Goods and Services	IC 033. US 047 049. G & S: Alcoholic beverages except beers. FIRST USE: 20111111. FIRST USE IN COMMERCE: 20111111
Standard Characters Claimed	
Mark Drawing Code	(4) STANDARD CHARACTER MARK
Serial Number	86184863
Filing Date	February 5, 2014
Current Basis	1A
Original Filing Basis	1A
Published for Opposition	June 24, 2014
Registration Number	4600957
International Registration Number	1225264
Registration Date	September 9, 2014
Owner	(REGISTRANT) Agave Loco LLC LIMITED LIABILITY COMPANY ILLINOIS P.O. Box 323 Deerfield ILLINOIS 60015
Attorney of Record	John E. Munger
Prior Registrations	3464119;4058609;4210462;AND OTHERS
Type of Mark	TRADEMARK
Register	PRINCIPAL

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TRADEMARK ASSIGNMENT COVER SHEET

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ETAS ID: TM342256

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State/Country:	CALIFORNIA		
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Entity Type:	national banking association: CALIFORNIA		
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<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	415 434 9100		
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Correspondent Name:	Michelle D. Kahn, Sheppard Mullin		
Address Line 1:	Four Embarcadero Center		
Address Line 2:	17th Floor		
Address Line 4:	San Francisco, CALIFORNIA 94111		
ATTORNEY DOCKET NUMBER:	0A22-209837		

CH \$190.00 4706590

NAME OF SUBMITTER:	Michelle D. Kahn
SIGNATURE:	/MDK/
DATE SIGNED:	05/22/2015
Total Attachments: 4 source=Agave Loco Security Agrmt#page1.tif source=Agave Loco Security Agrmt#page2.tif source=Agave Loco Security Agrmt#page3.tif source=Agave Loco Security Agrmt#page4.tif	

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RUMCHATA

Word Mark RUMCHATA

Goods and Services

IC 020. US 002 013 022 025 032 050. G & S: Decorative signs, namely, decorative wooden wall signs. FIRST USE: 20131128. FIRST USE IN COMMERCE: 20131128

IC 021. US 002 013 023 029 030 033 040 050. G & S: Cups; mugs; shot glasses; bottles, sold empty. FIRST USE: 20131107. FIRST USE IN COMMERCE: 20131107

IC 025. US 022 039. G & S: Clothing, namely, shirts, outerwear in the nature of jackets and pullovers, hats, visors and footwear. FIRST USE: 20131107. FIRST USE IN COMMERCE: 20131107

IC 033. US 047 049. G & S: Alcoholic beverages except beers. FIRST USE: 20080513. FIRST USE IN COMMERCE: 20080513

Standard Characters Claimed

Mark Drawing Code (4) STANDARD CHARACTER MARK

Serial Number 86184910

Filing Date February 5, 2014

Current Basis 1A

Original Filing Basis 1A

Published for Opposition January 6, 2015

Registration Number 4706590
International Registration Number 1225520
Registration Date March 24, 2015
Owner (REGISTRANT) **Agave Loco** LLC LIMITED LIABILITY COMPANY ILLINOIS P.O. Box 323
Deerfield ILLINOIS 60015
Attorney of Record John E. Munger
Prior Registrations 3464119;4058609;4210462;AND OTHERS
Type of Mark TRADEMARK
Register PRINCIPAL
Live/Dead Indicator LIVE

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CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Agave Loco LLC		05/21/2015	LIMITED LIABILITY COMPANY: ILLINOIS
RECEIVING PARTY DATA			
Name:	MUFG Union Bank, N.A.		
Street Address:	350 California Street		
Internal Address:	10th Floor		
City:	San Francisco		
State/Country:	CALIFORNIA		
Postal Code:	94104-1402		
Entity Type:	national banking association: CALIFORNIA		
PROPERTY NUMBERS Total: 7			
Property Type	Number	Word Mark	
Registration Number:	4706590	RUMCHATA	
Registration Number:	4600957	CHATA	
Registration Number:	4435909	REAL RUMCHATA BRAND RUM CREAM MADE WITH	
Registration Number:	4058609	YUMCHATA	
Registration Number:	3486337	AGAVE LOCO	
Registration Number:	3464119	RUMCHATA	
Registration Number:	4210462	CHATA	
CORRESPONDENCE DATA			
Fax Number:	4154343947		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
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CH \$190.00 4706590

NAME OF SUBMITTER:	Michelle D. Kahn
SIGNATURE:	/MDK/
DATE SIGNED:	05/22/2015
Total Attachments: 4 source=Agave Loco Security Agrmt#page1.tif source=Agave Loco Security Agrmt#page2.tif source=Agave Loco Security Agrmt#page3.tif source=Agave Loco Security Agrmt#page4.tif	

SECURITY AGREEMENT (SHORT FORM)

This Security Agreement (Short From) ("Agreement") is made as of May 21, 2015 between Agave Loco LLC, a limited liability company organized and existing under the laws of the State of Illinois, having offices at 1175 Corporate Woods Parkway, Suite 218, Vernon Hills, IL 60061 (the "Grantor") and MUFG Union Bank, N.A. a national banking association formed under the laws of the United States, having offices at 350 California Street, 10th Floor, San Francisco, CA 94104-1402, (the "Secured Party");

WHEREAS, Grantor is the owner of the trademark applications and registrations identified on Schedule 1 attached hereto (collectively the "Trademarks"); and

WHEREAS, Grantor is obligated to the Secured Party under the terms of a certain Security Agreement by and among Grantor and the Secured Party dated as of May 21, 2015 (the "Security Agreement");

NOW THEREFORE, pursuant to the terms of the Security Agreement and for good and valuable consideration, the receipt of which is hereby acknowledged, Grantor confirms that it has granted to the Secured Party a security interest in all Grantor's right, title and interest in and to the Trademarks, together with the goodwill of the business symbolized by such Trademarks.


Grantor does hereby acknowledge and affirm that the rights and remedies of Secured Party with respect to the foregoing security interest in the Trademarks confirmed hereby are more fully set forth in the Security Agreement, the terms and provisions of which are hereby incorporated herein by reference as if fully set forth herein, and that this document is subject to the terms and conditions of the Security Agreement

*[Remainder of page intentionally left blank.
Signature page follows.]*

IN WITNESS WHEREOF, the undersigned has executed this Agreement by its duly authorized officer as of the date first written above.

"Grantor"

AGAVE LOCO LLC,
an Illinois limited liability company

By: 
Name: Thomas E. Maas
Title: Manager

ACCEPTED AND AGREED AS OF THE
DATE FIRST ABOVE WRITTEN:

"Secured Party"

MUFG UNION BANK, N.A.,

By: 

Name: Arash Ghassemi

Title: Vice President

Schedule 1

The Trademarks

Mark	Application No.	Application Date	Registration No.	Registration Date	Status of Mark	Owner
RUMCHATA	86184910	2/5/14	4706590	3/24/15	Registered	Agave Loco LLC
CHATA	86184863	2/5/14	4600957	9/9/14	Registered	Agave Loco LLC
REAL RUMCHATA BRAND RUM CREAM MADE WITH PREMIUM CARIBBEAN RUM	85889413	3/28/13	4435909	11/19/13	Registered	Agave Loco LLC
YUMCHATA	85143396	10/1/10	4058609	11/22/11	Registered	Agave Loco LLC
AGAVE LOCO	78809535	2/7/06	3486337	8/12/08	Registered	Agave Loco LLC
RUMCHATA	78732628	10/13/2005	3464119	7/8/08	Registered	Agave Loco LLC
CHATA	77947669	3/1/10	4210462	9/18/12	Registered	Agave Loco LLC

EXHIBIT 3

SHANKEN'S IMPACT

NEWSLETTER

GLOBAL NEWS
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DECEMBER 15, 2014

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wine, spirits and beer industry.
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Category Report: Liqueurs

Fireball Keeps Climbing While Baileys, Other Leaders Struggle

AS TASTES EVOLVE AND TRADITIONAL spirits categories enter new frontiers through product innovations, the global liqueurs market continues to grow and broaden its reach. After an overall decline in 2012, the category grew 2.5% worldwide last year to reach nearly 60 million nine-liter cases, according to IMPACT DATABANK. However, much of that stems from one entry that has shaken up the entire category—Sazerac's Fireball, which shot up from 800,000 cases in 2012 to 2.4 million last year—as three of the other top five liqueur brands declined.

Even as more established liqueur brands struggle, the category remains a dynamic one. Half of the top 10 liqueur brands worldwide shed volume in 2013, but liqueurs outside the top 10 accounted for 60% of the total category volume. More products are flooding the market, such as new cream liqueurs that compete directly with stalwarts like Baileys Irish Cream. The rise of whiskey-based liqueurs is reshaping the category, while once-forgotten flavor profiles offered by Italian bitters and aperitifs are capturing consumer interest with the

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Australian Spirits Market: Trading Up

Value Growth Outpacing Volume Rise

WITH LACKLUSTER ECONOMIC GROWTH AND FLAGGING CONSUMER CONFIDENCE stunting progress, Australia's spirits market has remained remarkably static in recent years, with volume barely budging since 2010. Last year, excluding spirit-based RTDs, the category inched up 2% to 7 million nine-liter cases. According to IMPACT DATABANK, the Australian spirits segment was flat by volume from 1995-2005, and has advanced by an aggregate 17%, or about 2% annually, since then. With the country's GDP progress slowing slightly over the past few months (it's currently rising at an annual rate of around 1.7%), conditions aren't expected to improve much in the near-term.

"The spirits market in Australia has declined somewhat this year under the weight of macroeconomic issues, such as low consumer confidence," comments Cameron Simpson, COO at Beam Suntory Oceania, which includes Australia as a key market for its Jim Beam, Canadian Club and Midori brands.

While volume growth has been difficult to achieve, major spirits players are having success trading Australian consumers up to higher-quality products, and that has helped the value side of the equation. "Premiumization is alive and well in spirits, which is similar to trends also seen in wine and beer," says Michael McShane, senior vice president and managing

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COMMENTARY

Innovation On Fire

AMID THE WELL-PUBLICIZED WHISK(E)Y BOOM, IT may be surprising to many that more fast-rising spirits brands are coming from the liqueurs category than any other. Fireball, the Canadian whisky-based liqueur, is enjoying a meteoric rise that few brands have ever matched, and it shows no sign of cooling off. Jack Daniel's Tennessee Honey is rapidly expanding in its core U.S. market, and, like Fireball, is now spreading its wings overseas. RumChata, meanwhile, has become one of the U.S. market's top 10 liqueur brands after several years of eye-catching growth.

What do these brands have in common? They're all in a category that, due to its lack of traditional boundaries, lends itself to innovation perhaps more than any other.



While consumers are flocking to Fireball, they're drinking it in many different ways: on its own, as a shot; mixed with Rum-Chata, in what's been a mutually beneficial relationship; and in combination with Boston Beer's Angry Orchard cider, representing a union of the U.S. drinks market's two hottest products.

As brands like Fireball, Tennessee Honey and RumChata thrive, some of the more established liqueur brands—such as Baileys, DeKuyper, Kahlúa and Southern Comfort—are struggling. But as you'll see in our exclusive report on the category, the marketers behind these brands are also leveraging innovation in an attempt to get back to growth. With consumers seeking out new products more than ever before, the timing of these efforts couldn't be better.

W. R. Hill

Marvin R. Shanken

Category Report: Liqueurs

As Fireball And Tennessee Honey Rise Quickly, Baileys, SoCo, Kahlúa Also Emphasize Innovation

continued from page 1 >>>

revival of classic cocktails. "While sweet and salty flavors held court in the 1990s and 2000s, the 2010s have seen a dramatic rise of bitter and savory," says Umberto Luchini, head of marketing for Campari America. "Bartenders are the biggest advocates for Italian bitters."

Top Player Shakes Things Up

Diageo has adapted to the market through innovations and a global brand repositioning for Baileys, which in turn has stemmed the losses it saw in 2012. Baileys, the world's top-selling liqueur, declined by 1.5% in 2013 to 6.4 million cases last year, following a 3% dropoff in 2012. But it remains more than 1 million cases shy of its 2007 peak of 7.7 million cases.

Emerging markets play a key role in Diageo's long-term plans for the brand, with campaigns such as China's "Sisterhood" program reaching out to female consumers. "In China, Baileys was the first beverage alcohol product aimed specifically at women when it launched there in 2005," claims Rosalind Healy, global marketing director for Baileys. "'Sisterhood' taps into female empowerment and sales have grown by double-digits following its launch in 2014." Other promising markets include Mexico, where net sales were up 9% last year, as well as Australia and Latin America. In Western Europe, though, the brand is struggling.

Fireball On Fire

In the U.S., where Baileys ranks fourth in the category, the brand was flat at 1.3 million cases. Diageo added to the Baileys lineup in October with the female-focused Chocolate Cherry Irish Cream (about \$21 a 750-ml.), geared toward the shot occasion. It joins other recent releases including Hazelnut and Vanilla Cinnamon. Diageo also repositioned Baileys late last year as a "stylish female brand" and launched its biggest-ever global marketing campaign under the tagline "Cream With Spirit." In North America, its most recent "Stylish Shot" campaign, in addition to Vanilla Cinnamon's launch, led to a 5% net sales increase for the brand for the 12 months ended June 30.

Baileys has met steep competition, however, in Agave Loco Brands' RumChata, which stormed the top 10 list in the U.S. with 26% volume growth in 2013 and took the number-10 spot away from E&J Cask and Cream, which fell 9.5% last year to 430,000 cases. Following its introduction in 2009, when it reported a modest 2,000 cases in the U.S., RumChata (\$20) grew by triple-digits from 2010-2012 and last year reached 460,000 cases. The 13.5%-abv, horchata-style cream liqueur has benefited from its association with Fireball in the shot occasion. Adding off-premise relevance to the brand, this summer Agave Loco debuted its Summer Iced Coffee

LIQUEURS – TOP 10 BRANDS WORLDWIDE

(Millions of Nine-Liter Cases)

Rank	Brand	Company	2000	2005	2010	2011	2012	2013	Percent Change ¹ 2012-2013
1	Baileys	Diageo	5.0	6.8	6.7	6.7	6.5	6.4	-1.5%
2	DeKuyper	DeKuyper Royal Distillers	4.7	4.8	4.3	4.2	4.1	3.7	-10.4
3	Fireball	Sazerac Co.	-	-	0.2	0.5	0.8	2.4	+
4	Lubelska	Stock Spirits Group	-	-	1.1	1.6	2.2	2.4	9.0
5	Southern Comfort	Brown-Forman	2.1	2.3	2.1	2.0	1.9	1.8	-4.9
	Total Top 5		11.7	13.9	14.4	14.9	15.5	16.7	7.4
6	Kahlúa	Pernod Ricard	2.5	2.1	1.7	1.7	1.7	1.6	-4.3
7	Di Saronno Amaretto	ILLVA Saronno	1.7	1.7	1.7	1.7	1.7	1.6	-1.5
8	Bols	Lucas Bols	1.4	1.2	1.4	1.5	1.5	1.5	0.7
9	Amarula	Distell Group	0.4	0.8	1.2	1.3	1.3	1.4	2.0
10	Cointreau	Rémy Cointreau	1.2	1.3	1.2	1.3	1.3	1.3	3.0
	Total Top 10		18.8	21.0	21.6	22.3	23.0	24.2	4.9
	Other Brands		32.6	35.9	33.9	34.2	34.9	35.3	1.0
	Total Liqueurs²		51.4	56.9	55.5	56.5	58.0	59.5	2.5%

¹ Based on unrounded data.

² Addition of columns may not agree due to rounding.

Source: Impact Databank

UNITED STATES – TOP 10 CORDIAL/LIQUEUR BRANDS

(Thousands of Nine-Liter Case Depletions)

Rank	Brand	Company	2000	2005	2010	2011	2012	2013	Percent Change 2012-2013
1	Fireball	Sazerac Co.	-	-	125	450	810	2,380	+
2	DeKuyper	Beam Suntory	2,450	2,780	2,445	2,435	2,380	2,255	-5.3%
3	Jägermeister ¹	Sidney Frank Importing Co.	595	2,300	2,630	2,525	2,445	2,190	-10.4
4	Baileys	Diageo North America	975	1,280	1,305	1,300	1,280	1,280	-
5	Southern Comfort ²	Brown-Forman	1,250	1,450	1,285	1,245	1,250	1,185	-5.2
Total Top 5			5,270	7,810	7,790	7,955	8,165	9,290	13.8
6	Kahlúa	Pernod Ricard USA	1,450	1,255	1,000	985	940	935	-0.5
7	Hiram Walker	Pernod Ricard USA	1,060	1,015	890	885	880	880	-
8	Jack Daniel's Tennessee Honey	Brown-Forman	-	-	-	320	485	610	25.8
9	Grand Marnier	Moët Hennessy USA (LVMH)	425	530	475	480	485	485	-
10	RumChata	Agave Loco Brands	-	-	17	64	365	460	26.0
Total Top 10			8,205	10,610	10,172	10,689	11,320	12,660	11.8%

¹ Categorized as a liqueur in the U.S. only.

² Includes flavors.

Source: Impact Databank

Sampler Pack nationwide, which included two 8-ounce cans of Casa del Sol coffee and a 750-ml. bottle of RumChata. In February, the company also launched Tippy Cow (\$16.99), a new range of rum-infused cream liqueurs to 22 select U.S. markets. Tippy Cow's flavored offerings include Orange Cream, Chocolate, Vanilla Soft Serve and Shamrock Mint, each at 14% abv, blended with Caribbean rum and Wisconsin dairy cream and packaged in a traditional milk bottle.

The remarkable growth seen by Fireball is hard to match, though. The Sazerac-owned brand's 1.5-million case bump in 2013 made it the U.S. market's leading liqueur, as it leapfrogged a number of top sellers, including DeKuyper and

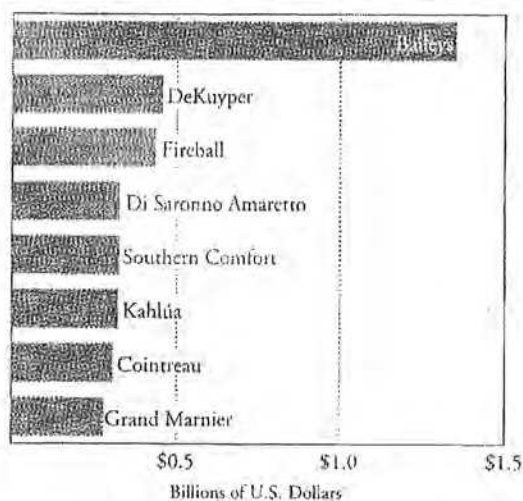
Jägermeister, which had duelled for leadership of the category over the past several years. Amid Fireball's stunning success, a flurry of cinnamon-flavored liqueurs is currently entering the marketplace. But the brand shows no sign of slowing down.

Brown-Forman is a new challenger in the cinnamon whiskey segment following this April's limited release of Jack Daniel's Tennessee Fire (\$22). But the company continues to see remarkable growth from its original flavored whiskey, Tennessee Honey. In 2013, the flavored offshoot grew 25.8% to 610,000 cases in the U.S., which makes up 65% of its global volume. "Tennessee Honey brings in new occasions for Jack Daniel's consumers who favored vodka but have had respect for the Jack Daniel's brand," says John Hayes, senior vice president and managing director of Jack Daniel's at Brown-Forman. "The majority of Tennessee Honey drinkers are men, but it has a higher percentage of female drinkers than Jack Daniel's Black Label."

While not among the world's top 10 liqueur brands yet, Tennessee Honey is still in the early stages and has the potential to compete on the global stage. Brown-Forman says it's seeing success for the Jack Daniel's offshoot in a variety of markets, including Brazil, Mexico, Poland and especially France.

Elsewhere in the whiskey-based liqueur segment, Campari America's Wild Turkey Bourbon offers American Honey, which grew about 17% to 335,000 cases in the U.S. last year while earning IMPACT "Hot Brand" honors. But with increasing competition in that space, some brands are failing to maintain initial momentum. Beam Suntory's Red Stag (about \$19) had been on a solid growth trajectory, doubling its volume from 2010-2012, before falling 4.5% in the U.S. last year to 326,000 cases.

LIQUEURS – LEADING BRANDS WORLDWIDE RANKED BY 2013 RETAIL VALUE



Source: Impact Databank

BITTERS/SPIRIT APERITIFS – TOP SIX BRANDS WORLDWIDE

(Millions of Nine-Liter Cases)

Rank	Brand	Company	2000	2005	2010	2011	2012	2013	Percent Change ¹
									2012-2013
1	Jägermeister	Mast-Jägermeister	2.7	5.2	6.6	6.8	6.9	7.2	3.4%
2	Fernet Branca	Fratelli Branca-Distillerie	2.1	2.5	3.8	4.4	5.0	5.4	8.0
3	Campari	Gruppo Campari	2.9	2.9	2.8	2.9	2.9	3.0	3.5
4	Aperol	Gruppo Campari	0.5	0.9	2.0	2.6	2.6	2.6	-
5	Camparisoda	Gruppo Campari	2.3	2.3	2.1	2.0	1.9	1.7	-10.8
6	Ramazotti	Pernod Ricard	0.8	1.3	1.2	1.2	1.0	1.1	19.7
Total Top Six			11.2	15.1	18.5	19.8	20.1	20.9	3.6
Other Brands			10.3	9.1	8.5	8.2	8.0	8.0	-0.3
Total Bitters/Aperitifs²			21.5	24.2	27.0	28.0	28.2	28.9	2.5%

¹ Based on unrounded data.

² Addition of columns may not agree due to rounding.

Source: Impact Databank

Trying For Revivals

Despite whiskey-based liqueurs' impressive success, Brown-Forman has encountered sustained difficulties with Southern Comfort. Globally, Southern Comfort fell by 4.9% to 1.8 million cases, while in the U.S. it was down by 5.2% to 1.2 million cases despite a brief return to growth in 2012 after years of decline. In an effort to remain relevant in a competitive market, in September Brown-Forman launched the seasonal Gingerbread Spice (15% abv/\$11.99). Earlier in the year, Southern Comfort also ran a two-month TV spot titled "Dance" in its ongoing "Whatever's Comfortable" campaign.

The second-largest liqueur brand in the U.S. and worldwide remains DeKuyper, although its prolific line of about 60 cordials, liqueurs, crèmes, brandies and schnapps has seen continued falling volumes. In the U.S., where it's handled by Beam Suntory, the brand declined by 5.3% to 2.3 million cases, while globally its volume fell 10.4% to 3.7 million cases.

While DeKuyper struggles, Stock Spirits Group's Lubelska vodka-based flavored liqueur range continues to thrive. The Polish brand grew by 9% globally to 2.4 million cases in 2013. In September, Orange and Peach offerings were added to the line, which includes Apple, Blackcurrant, Cherry, Cranberry, Grapefruit, Lemon, Mint and Pineapple. Stock Spirits does 60% of its business in its home market of Poland, but also performs well in the Czech Republic and Italy, according to the company.

In an effort to move away from the perception of being simply a sweet shot and reverse years of declining volume, Pernod Ricard has been busy on the marketing front with Kahlúa. The rum and coffee liqueur fell off the top five list both in the U.S. and globally amid Fireball's ascent. Kahlúa declined globally last year by 4.3% to 1.6 million cases, while in the U.S., the slide was a much less steep, as the brand was down 0.5% to 935,000 cases. As more attention is given to a burgeoning cocktail culture in major markets, Pernod Ricard is stepping

up to establish Kahlúa's presence in that conversation. "Much of our current on-premise business is driven by national accounts, specifically the casual dining sub-channel," says Brian Mequet, Pernod Ricard USA's vice president of marketing, liqueurs and rum. "We're doing more recruiting in new important channels such as neighborhood bars."

This spring, Pernod Ricard declared March 10 national "Cocktail Your Coffee Day" to engage coffee and cocktail audiences. For the summer months, it debuted the cocktail-inspired "Kahlúa Summer Shake-Up" campaign that included digital and interactive experiences with themed frozen and iced cocktails as well as ideas for summer entertaining. Most recently, Kahlúa was featured in a short film starring actor Jeff Bridges titled "The White Russian," referencing the popular 1998 film "The Big Lebowski," and so far the film has received more than 2 million views. Next March, Kahlúa will get its first spring seasonal, Kahlúa Salted Caramel. But the brand (\$16.99)—whose offerings include Original, Cinnamon Spice, French Vanilla, Mocha, Hazelnut and seasonal Pumpkin Spice, among others—has a lot of ground to make up, having fallen from a height of nearly 1.5 million cases in the U.S. in 2000.

Bitters' Sweet Results

Another notable brand that has struggled in recent years within the shot segment is Jägermeister. In the U.S., where it's categorized as a liqueur and handled by Sidney Frank Importing Company, the brand declined by 10.4% to 2.2 million cases last year and has lost around 800,000 cases in yearly sales over the past half-decade. In its two biggest markets—the U.S. and Germany—Jägermeister does roughly 40% of its business in the on-premise. However, a proliferation of flavored vodkas and whiskies has increased pressure. "Consumers have significantly more shot options today than five years ago," says Marcus Thieme, Mast-Jägermeister's regional director for North America. "But the shot occasion is extremely relevant to our target group of 18-to-30 Mil-

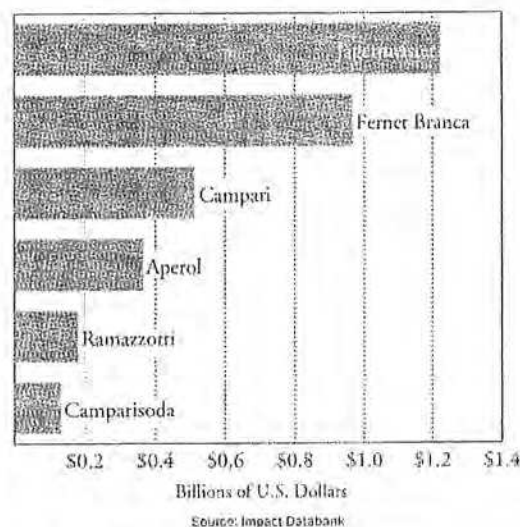
lennials.” Sidney Frank appointed Deutsch NY as its lead integrated agency for Jägermeister in February, tasking it with leading a new generation of consumers in a reappraisal of the brand.

It was a different story outside the U.S., however, where Jägermeister continued to grow at a rate of 3.4%, reaching 7.2 million cases and leading the bitters/aperitif segment. Available in more than 100 countries, Mast-Jägermeister says the premium brand is exceeding expectations in many European markets such as Spain, France and Russia with double-digit growth as well as emerging markets like Romania, South Korea, Peru and the United Arab Emirates. Last fall, its first seasonal offering, Jägermeister Spice (25% abv), was rolled out to markets including the U.S., Germany and Hungary, to tap into new consumption occasions by encouraging consumers to enjoy the product neat at room temperature or mixed with cola. Spice was recently launched in an additional 20 markets such as Australia, Mexico and South Africa.

Appealing to other on-premise occasions, Gruppo Campari’s Italian bitters brands exhibited solid performances worldwide last year as the company consolidated its leading position within the segment. Its flagship Campari brand bounced back from a 0.7% dip in 2012 to reach 3 million cases worldwide on 3.5% growth. In the U.S., the brand grew 14% in 2013 to 75,000 cases, expanding 31.6% in volume since 2011. Camparisoda, which is available almost exclusively in Italy, was the only one of the top six cordials/bitters to lose volume, as it fell by 10.8% to 1.7 million cases. And while Aperol remained flat for a second year with 2.6 million cases, Campari America is focusing on building the brand through initiatives like making the Aperol Spritz a brunch occasion staple while routing its low-alcohol content. Such efforts have worked for the Campari brand, which this summer saw another round of “Negroni Week” with a series of on-premise events. The company says Campari’s sales grew by double-digits during the campaign, in which participation was up 10-fold from the previous year with more than 1,000 bars from 18 countries and 46 U.S. states joining.

Fratelli Bancha’s amaro brand Fernet Bancha is another product that’s caught on in the global mixology trend and in 2013 grew 8.0% to 5.4 million cases, an almost 70% increase from 2008 when it stood at 3.2 million cases. Argentina, where the company operates a subsidiary distillery, has proven pivotal to Fernet Bancha’s worldwide success. Recognizing opportunity in a burgeoning segment, other Fernet products have entered the U.S. market this past year, including Denver craft distiller Leopold Bros.’ Fernet Leopold Highland Amaro, Anchor Distilling Company’s Fernet del Frate Angelico (\$59.99) and Blackheath Beverage Group’s Fernet Vittone import. Pernod Ricard’s Ramazzotti line, meanwhile, bounced back dramatically from 2012, when it declined by 22%, posting 19.7% growth to 1.1 million cases worldwide in 2013.

BITTERS & SPIRIT APERITIFS – LEADING BRANDS WORLDWIDE RANKED BY 2013 RETAIL VALUE



New Horizons

Marketers have taken notice of the recent success both liqueurs and bitters have enjoyed, and are ramping up their presence in these segments via M&A activity and new product launches. In April, Gruppo Campari acquired Italian distiller Fratelli Averna—for €103.75 million (\$143.4m)—whose portfolio is led by flagship bitters brand Averna, Italy’s second-largest bitter behind Campari. It joins other Campari brands that include Braulio, Cynar, Cinzano 1757 and Frangelico. “No matter when—daytime, Aperitivo, after dinner or late night—we have the drink to fit the occasion,” says Luchini.

William Grant & Sons bolstered its liqueurs portfolio in September with the acquisition of Drambuie Liqueur Company Ltd. and its namesake brand from Scotland’s MacKinnon family for an undisclosed sum. Last month, it debuted new TV spots for Drambuie titled “Found Film” set around New York City in the 1960s.

In August, Imperial Brands launched Kerrygold Irish Cream Liqueur (\$19.99)—a blend of Irish cream, aged Irish whiskey and chocolate—in partnership with Irish dairy producer Kerrygold. Also earlier this year, Minnesota-based Crosby Lake Spirits took its Kinky Blue liqueur brand nationwide. The mix of super-premium vodka and tropical berry flavors (17% abv) is priced at \$19.99, in line with flagship Kinky Liqueur. Last year, Kinky Liqueur jumped 70% in volume to 425,000 cases following its debut in 2011. This fall, Diageo debuted the Pie Hole flavored whiskey brand with Apple Pie, Cherry Pie and Pecan Pie offerings.

“This is a very fluid category, whose definition, competitive set and rules of engagement seem to change on a daily basis,” says Pernod Ricard USA’s Mequet.

—Kimberly Carmichael

EXHIBIT 4

**BEVERAGE DYNAMICS IDENTIFIES
THE FASTEST-SELLING WINES
AND SPIRITS IN THE U.S.**



BY RICHARD BRANDES

Though we had an uneven economy overall in 2011, the wine and spirits industry apparently stabilized compared to the weakness of 2008-2009 and the modest growth of 2010. Indeed, the American economy itself appears to be headed in a sustained positive direction, as most economic indicators have shown in early 2012, and wine and spirits sales are likely to pick up along with the economy, particularly among higher-end products. [Of course, as all economists point out, any exogenous events — such as dangerous political crises or wars, huge natural disasters, etc. — could easily change all that.]

Still, overall wine and spirits sales volume increased nicely in 2011, according to the latest statistics, just

released in the *Handbook Advance 2012*, published by the Beverage Information Group. U.S. distilled spirits sales volume rose to approximately 197.1 million 9-liter cases, representing a 2.6% gain versus 2010 (which saw an increase of 1.9% sales volume over 2009). And overall spirits retail revenue growth (the combined dollar total of off- and on-premise sales) also increased, by 3.0% to \$67.66 billion, a \$2 billion jump over 2010. It turns out that a large part of that increase is the result of more sales activity at the premium and above-premium price segments.

In fact, the latest statistics from The Nielsen Company note that sales of “ultra-premium” spirits in the U.S. (at an average selling price of \$35.92) rose 10.6% in

2011, and so-called "premium" spirits (at an average selling price of \$17.64) gained 5.4%. Both these numbers show a significant ongoing improvement over recent years, but in absolute numbers are still not at pre-Recessionary levels. Still, they reflect an important psychological shift among consumers, particularly the more affluent.

The same holds true in the wine segment. Total U.S. wine consumption increased by 2.5% in 2011, to 310.7 million 9-liter cases (compared to an overall 1.7% wine volume increase in 2010), the eighteenth consecutive year of wine sales volume increases, according to Beverage Information Group research. Similar to spirits, the move toward high-end purchases continued in the wine segment. According to Nielsen, in 2011 sales of table wine priced \$20 and above increased by 11.0%; sales of wines priced \$15-\$19.99 gained 7.8%; those priced \$12-\$14.99 saw sales rise by 7.0%; and sales of table wine priced at \$9-\$11.99 gained 9.9%. Indeed, overall 2011 wine revenue figures show an increase of 2.9% to \$27.69 billion, nearly \$800 million more than in 2010.

SPIRITS OVERVIEW

For beverage alcohol professionals, vodka remains the engine that drives the business. The huge spirits category rose another 6.0% in 2011, following a 6.1% increase in 2010. Overall, the vodka segment added almost 3.5 million 9-liter cases to its total of



approximately 65.85 million 9-liter cases. Indeed, vodka now represents almost a third of all spirits consumed in the U.S. New vodka expressions abound, with flavors and brands from around the world still proliferating.

Indeed, vodka flavors are getting even more prolific and edgier. Still, the reasons for vodka's huge popularity remain primarily the easy mixability of the spirit and the continued popularity of cocktails made with vodka.

The second-largest spirits category, rum, also saw consumption rise in 2011, up 1.3% to 25.88 million 9-liter cases. Still riding the popularity of the Mojito, the category activity continues to benefit from new spiced and flavored runs as well as a variety of aged expressions. Tequila also increased last year, with consumption up a healthy 3.8% to just over 12 million 9-liter cases. Largely driven by the Margarita, the category's consumption trends also take into account the various levels – from premium to superpremium to ultra-premium – of a brand's portfolio. Straight American whiskey is another category that saw sales volume rise in 2011, gaining a respectable 3.7% to more than 15.85 million 9-liter cases. The segment has been energized by superpremium product introductions as well as successful flavored bourbon debuts. The smaller American blends segment decreased by 1.3% to just over 5.0 million cases. Other good news comes from the smallest imported whiskey category: Irish and Other whiskeys. They jumped ahead by 23.9%, but to relatively modest total of 1.76 million 9-liter cases, driven primarily by the ongoing success of Jameson Irish Whiskey. For its part, overall Scotch whisky declined 1.4% in 2011 to almost 8.5 million cases, while Canadian whisky decreased by a slight 0.6% to more than 15.3 million cases.

The third-largest spirits category, cordials & liqueurs, saw total consumption fall 1.2% to 19.42 million cases. Also losing ground was the gin category, which declined by 2.0% to 10.87 million cases. Brandy & Cognac was just above flat, at 10.37 million cases. Finally, prepared cocktails reversed a recent downward trend, increasing 3.8% to 6.24 million cases, a result of the success of a wide range of branded cocktail lines.

IDENTIFYING THE GROWTH BRANDS

The categories of Growth Brands are designed to organize the wine and spirits brands demonstrating notable growth in a meaningful way, so as to help retailers, restaurateurs and the industry at large to discern the existing and emerging trends and tap into the opportunities. The criteria remain the same for distilled spirits and wine.

FAST TRACK BRANDS

Criteria: The brand must have exceeded 100,000 9-liter cases in 2011, with double-digit growth over each of the past four years. All brands must be at least five years of age.

RIISING STARS

Criteria: The brand must be less than five full years of age, and must have exhibited notable growth over the past few years.

ESTABLISHED GROWTH BRANDS

Criteria: The brand must be a top seller, moving a minimum of 400,000 9-liter cases annually, and must have grown moderately or substantially over each of the past four years.

WINE REVIEW

Table wine now comprises about 91.9% of all wine consumed in the U.S., and it continued growing in 2011, rising 2.6% in 2011 to reach 285.5 million 9-liter cases. Interestingly, domestic brands outperformed, gaining 3.5%, while imported table wines declined 0.2% overall. Domestic table wines now represent 70.4% of the overall U.S. wine market, and a significant majority of the sales of these wines are for under \$10 per bottle, though, as previously shown, the greatest percentage

growth is in the higher-end price segments. As the economy continues to recover, premium and superpremium wine sales will continue pick up.

Though relatively small, champagne & sparkling wine increased by 3.7% last year, to just over 15.1 million 9-liter cases. This is the tenth straight year of gains for this segment, though it still lags behind its highpoint of more than 17 million cases in sales in the 1980s. Clearly, what's driving much of this growth is the recent popularity of prosecco. Even smaller in size is the dessert & fortified wine category, which declined another 1.0% in 2011, while vermouth dropped 6.3%.

BRANDS MAINTAINING GROWTH

So, what is the rationale for publishing our Growth Brands lists? To quote what we've said here before, "There are beverage alcohol products in every category and at every price point that, for any number of reasons, have either lagged behind or outpaced their respective competitors. Often, a combination of elements – among them solid distribution and retail support, supplier resources, marketing creativity, product heritage and

brand equity, the right economic environment, a solid product in the bottle, advantageous price positioning and sometimes just plain luck – help lead to product success." In 2008, 2009 and even 2010, the tenuous economic environment has clearly played a role, affecting brands that have regularly grown their business in "normal" times. And numerous high-image, high-priced brands also suffered in the wake of the Recession, particularly following the profligate years that preceded it. But there are other brands that have thrived, and many others that adjusted to new market realities and maintained some growth, as well as a variety of additional brands that continue to make positive strides with consumers and retailers alike. Those are the brands that appear on the following pages. And, as we've said in the past, though evaluating category consumption trends can provide the big picture, drilling down to actual brand performance provides the details. Thus, the reason for our annual Growth Brands report, which uses the most up-to-date industry results to highlight the wine and spirits brands with noteworthy growth over the past several years. [The September/October 2012 issue of *Beverage Dynamics* will publish Beer Growth Brand results.]

SPIRITS FAST TRACK BRANDS

The Fast Track Growth Brands category includes the top-performing brands, percentage-wise, during the past four years. The criteria are demanding: a wine or spirit must have maintained double-digit percentage growth over each of those four years while selling at least 100,000 9-liter cases this past year. Based on the Beverage Information Group's 2011 statistics, 18 spirits brands made the Fast Track list, one less than last year's total of 19. This year there are three new Fast Track spirits members (four brands from last year fell off the list). Overall, there are 9 vodkas numbered among the 18 Fast Track brands, continuing to reflect the dominant position of vodka in the marketplace, particularly the ongoing influx of new flavors.

In fact, eight out of the top ten brands in sales volume are all vodkas, once again led by Svedka, the Swedish import, which is priced lower than most other well-known imported vodkas. With several flavors joining the original brand, Svedka maintained its solid growth, increasing 2011 sales by almost 400,000 cases to just under 3.7 million cases, which represents an 11.8% increase over 2010. By far, the most impressive performance came from Pinnacle Vodka, which exploded in 2011, increasing sales by 92.9% to 2.7 million cases. Its array of offbeat flavors (particularly the wildly successful Whipped Cream) struck a chord with consumers; indeed, the brand just launched two new ones: Key Lime

Whipped and Atomic Hots.

For its part, Burnett's Vodka attained sales of more than 1.67 million cases in 2011, a 10.2% jump from the previous year. The value-priced brand is also growing as a result of the popularity of its wide array of flavor offerings. Not to be outdone, Burnett's just released its 26th flavor – Blue Raspberry. Another value-priced vodka, UV, gained 13.7% to reach 1.2 million cases last year. UV Vodka also features a wide range of flavored versions. The superpremium grape-based vodka Ciroc, imported from France, increased sales by more than 300,000 cases last year (up 38.4%), breaking the 1 million case mark for the first time to 1.1 million cases. The brand's flavor additions of Red Berry, Coconut and Peach have added to its popularity, which has benefitted from the early marketing support of hip hop star and entrepreneur Sean "P. Diddy" Combs.

The first new member of the Fast Track category to appear here is Sobieski Vodka, which has been on the Rising Star list for several years. Sobieski, the value-priced Polish rye vodka, ended 2011 with sales of 950,000 cases, a 24.2% increase. Bruce Willis has been representing the brand, which also features flavor line extensions such as Orange, Karamel and Raspberry. Tito's Handmade, the above-premium-priced vodka from Texas, returned to the Fast Track, showing phenomenal growth of 59.9% to 582,000 cases last year.



FAST TRACK

The brand must have exceeded 100,000 9-liter cases in 2011, with double-digit growth over each of the past four years. All brands must be at least five years of age.

DISTILLED SPIRITS

(Thousands of 9-liter cases)

Brand	Supplier	2007	2008	2009	2010	2011 ^p	'10/'11 % Chg	'07/'11 % AAGR
Svedka	Constellation Spirits	1,526	2,100	2,762	3,300	3,690	11.8%	24.7%
Pinnacle Vodka	White Rock Distilleries	263	608	1,017	1,400	2,700	92.9%	79.0%
Burnett's Vodka	Heaven Hill Distilleries	885	1,025	1,280	1,520	1,675	10.2%	17.3%
Jameson	Pernod Ricard USA	540	684	815	1,037	1,335	28.7%	25.4%
UV Vodka	Phillips Distilling	507	662	845	1,055	1,200	13.7%	24.0%
Ciroc	Diageo	98	247	339	795	1,100	38.4%	83.0%
Sobieski	Imperial Brands	50	255	515	765	950	24.2%	++
Sailor Jerry	William Grant & Sons	213	344	475	575	667	16.0%	33.0%
Tito's Handmade Vodka	Fifth Generation	200	245	284	364	582	59.9%	30.6%
Platinum 7X	Sazerac	175	275	375	470	548	16.6%	33.0%
Jack Flavored Rums	White Rock Distilleries	38	127	205	230	300	30.4%	67.6%
Don Q	Seralles USA	58	80	118	190	219	15.3%	39.4%
Pearl	Luxco	39	44	54	113	170	50.4%	44.5%
Patron XO Café	The Patron Spirits Company	30	50	65	107	148	38.3%	49.0%
Pendleton	Hood River Distillers	55	77	92	103	136	32.0%	25.4%
Milagro	William Grant & Sons	54	75	90	113	134	18.6%	25.5%
Hendrick's	William Grant & Sons	42	58	75	101	134	32.7%	33.6%
Citronge Orange	The Patron Spirits Company	60	72	100	114	128	12.3%	20.9%

(p) Preliminary. AAGR=Annual Compound Growth Rate. (++) Greater than 100%.

Another Fast Track repeater, mid-priced Platinum 7X Vodka, distilled seven times, saw sales increase 16.1% last year, to 548,000 cases. The brand has just debuted new packaging, and is supporting the new look with a retail merchandising program. The final vodka listed here is Pearl Vodka, from Canada, which also returned to the Fast Track after another stellar year. The premium-priced brand increased its sales in 2011 by 50.4% to 170,000 cases.

The two whiskey brands noted here include perennial Fast Track member Jameson Irish Whiskey, which continued its amazing sales performance last year, gaining about 28.7% increase. The brand continues to dominate the Irish whiskey category and is still the fastest-growing whiskey product with significant sales, percentage-wise, in the U.S. market. The second whiskey is Pendleton, new to the Fast Track. The superpremium-priced Canadian whisky grew a respectable 32.0% to 134,000 cases in 2011.

The three rums cited here include two returning members of the Fast Track, beginning with the premium-priced Sailor Jerry Spiced Navy Rum, which garnered sales of 667,000 9-liter cases, a 16.0% gain. The brand has also been featuring limited-edition bottles. Jack Flavored Rums also had a notable year.

The mid-priced brand gained 30.4% in 2011, reaching sales of 300,000 cases. The third rum, Don Q, is new to the Fast Track but not new to Growth Brands, having been a Rising Star brand for the past few years following its re-launch in the U.S. The rum line includes the mid-priced Cristal, Gold and Anejo expressions, flavored versions of Lime, Coconut and Mojito; and an ultra-premium priced Grand Anejo rum. Now, it joins the Fast Track, boasting 2011 sales of 219,000 cases, a 15.3% increase.

The Patron Spirits Company features two liqueurs in the Fast Track: Patron XO Café, a luxury coffee flavored-liqueur with a tequila base, which gained 38.3% to 148,000 cases; and Citronge Orange, which grew 10.0% last year (128,000 cases). The above-premium priced orange and citrus flavored liqueur is produced in Mexico, and made with Jamaican and Haitian oranges. The only tequila brand noted here is Milagro, returning to the Fast Track. The brand gained 18.6% in 2011 to 134,000 cases. The above-premium-priced tequila includes silver, reposado and anejo versions as well as the same higher-end Select Barrel Reserve expressions. Once again the only gin to make the Fast Track is Hendrick's Gin, the superpremium brand with subtle, not forward, juniper characteristics. The brand grew to 134,000 cases in 2011, a 32.7% increase.

SPIRITS RISING STAR BRANDS

Rising Star brands have been on the market four years or less and are represented here for a few reasons: They have demonstrated significant growth over a short time; they have made a notable impression in the market; or they are still relatively small but show promise. Last year the list included 29 Rising Stars; this year there are 37, with 14 returning members and the rest new brands. As always, suggested retail prices for these Rising Stars span the range from a lineup of value-priced brands to a number of superpremium-priced products.

As we've said here before, the accepted wisdom in the beverage alcohol industry is that new product releases keep the industry vibrant and moving forward, whether it be flavored line extensions or completely new formulas in any number of categories. And distillers continue to play their part, last year launching several promising new products cited among the Rising Stars. Among 2011 launches cited as Rising Stars are several brands that had a significant, immediate impact on the market. Jack Daniel's Tennessee Honey Liqueur, which had a phenomenal 2011 debut, moved 320,000 cases in its first year on the market. Made from a blend of Jack Daniel's Old No. 7 Tennessee Whiskey and a proprietary honey liqueur, the new above-premium-priced brand is 70 proof and features notes of honey, cinnamon and spice. New Amsterdam Vodka also exploded onto the market in 2011, with sales of 300,000 cases. The competitively priced vodka from E&J Gallo is a companion to the successful New Amsterdam Gin. Another new successful vodka is Cupcake, from Underdog Wine & Spirits, a division of The Wine Group. Cupcake had healthy 2011 sales of 150,000 cases, on the strength of its Devil's Food Cake, Chiffon and Cupcake flavors. From Bacardi comes the new Bacardi Oakheart, which notched sales of 140,000 cases in 2011. The originator of flavored rum (with Limon), Bacardi debuted Oakheart as its first mainstream spiced rum product, joining a host of other spiced rum brands in the category's most vibrant niche.

Other first-time Rising Stars include Southern Comfort Flavors (71,000 cases), which debuted with Southern Comfort Lime and the more recently released Southern Comfort Fiery Pepper; and Jim Beam's Devil's Cut (55,000 cases), a line extension of the famous bourbon, which uses a proprietary process to reclaim the whiskey that has been absorbed into the barrel, resulting in a unique taste.

Topping the list of returning Rising Stars is the Skinnygirl line of prepared cocktails, which was purchased by Beam last year. In 2010, the Margarita prepared cocktail notched 120,000 cases, but then exploded last year to

586,000 cases. The brainchild of Bethenny Frankel, who gained fame as one of the Real Housewives of New York (though she wasn't a housewife at the time), the brand boasts 100-calorie per serving Margaritas made with natural ingredients. In addition, Skinnygirl introduced two additional prepared cocktails last year: White Cranberry Cosmo and Sangria.

On the market for three years, Red Stag by Jim Beam grew to sales of 251,000 cases, an increase of 31.4%. The premium-priced black cherry-flavored bourbon, the first of its kind, proved that a flavored bourbon can be successful in the marketplace. The brand recently debuted two new flavors: Red Stag Honey Tea and Red Stag Spiced. And Wild Turkey's line extension, the 71 proof Wild Turkey American Honey Liqueur, reached sales of 228,000 9-liter cases in its fourth year on the market.

Familia Camarena Tequila is repeating as a Rising Star after it sold 75,000 cases in 2010. Last year, it exploded in the marketplace, more than tripling its sales to 250,000 cases. Both the Silver and Reposado versions are made with 100% blue agave and produced using a small batch, pot still distillation process. The brand is created as a superpremium product, but sells at more consumer-friendly prices. The four vodkas launched in 2010 by Diageo continue to show potential. The first, Rökk Vodka, is imported from Sweden and very competitively priced for an import; it comes in an original version and four flavors. Rökk sales more than doubled to 200,000 cases in 2011. Godiva Chocolate Infused Vodka is a 60 proof superpremium-priced offering, which nevertheless hit sales of 140,000 cases last year. Then there is Ursus Vodka, an 80-proof value-priced brand, features an original version and three flavors. The bottles feature bright colors and come with a cold-activated label. The brand grew 71.4% to 120,000 cases. Finally, Moon Mountain Vodka, made from organic grain in small batches and copper pot stills, reached a more modest 14,000 cases. The brand also features Coastal Citrus and Wild Raspberry flavors.

Notching 150,000 cases in its second year on the market was The Kraken Spiced Rum, from Proximo. The tar-colored black rum sells for above-premium prices and boasts a rich, spicy character. Blackheart Premium Spiced Rum also repeated as a Rising Star. Blackheart, a 93-proof brand is premium-priced that features a unique "sultry seductress" on the label, sold 45,000 cases last year.

Evan Williams Honey Reserve Liqueur reached 70,000 cases in its second year on the market. The 70 proof liqueur, a mixture of bourbon and honey, comes in

1.75 liter, 750 ml and 50 ml packages and sells at premium price levels. The brand boasts a line extension launched last year, Evan Williams Cherry Reserve Liqueur, which itself produced sales of 30,000 cases. Now, there is a new Evan Williams Cinnamon Reserve Liqueur just hitting the market. Another well-known whiskey brand, in this case the blended Seagram's 7 Crown, has joined the niche segment of flavored whiskies with its Seagram's 7 Crown Dark Honey (51,000 cases),

made with a combination of aged American whiskey, with hints of spice and honey. In 2011, the brand debuted Seagram's 7 Crown Stone Cherry (15,000 cases).

The above-premium-priced Rum Chata, on the market for two years, more than tripled its sales in 2011 to 57,000 cases. The liqueur is made with cream, vanilla, sugar and cinnamon, and it comes in a uniquely shaped bottle.

The 100% agave tequila, Lunazul, also repeated as



RISEING STARS

The brand must be less than five full years of age, and must have exhibited notable growth over the past few years.

DISTILLED SPIRITS

(Thousands of 9-liter cases)

Brand	Supplier	2008	2009	2010	2011 ^P	'10/'11 % Chg
Skinnygirl	Beam Inc.	--	--	120	586	++
Jack Daniel's Tennessee Honey	Brown-Forman Beverages	--	--	--	320	--
New Amsterdam Vodka	E & J Gallo Winery	--	--	--	300	--
Red Stag by Jim Beam	Beam Inc.	--	75	191	251	31.4%
Familia Camarena	E & J Gallo Winery	--	--	75	250	++
Wild Turkey American Honey	Campari America	85	130	179	228	27.4%
Rokk	Diageo	--	--	90	200	++
The Kraken	Proximo Spirits	--	--	75	150	++
Cupcake	The Wine Group	--	--	--	150	--
Godiva Vodka	Diageo	--	--	88	140	59.1%
Bacardi OakHeart	Bacardi USA	--	--	--	140	--
Ursus	Diageo	--	--	70	120	71.4%
Lunazul	Heaven Hill Distilleries	20	42	61	75	23.0%
SoCo Flavors	Brown-Forman Beverages	--	--	--	71	--
Evan Williams Honey Reserve	Heaven Hill Distilleries	--	--	55	70	27.3%
Rum Chata	Agave Loco Brands	--	2	17	57	++
Jim Beam Devil's Cut	Beam Inc.	--	--	--	55	--
Seagram's 7 Crown Dark Honey	Diageo	--	12	33	51	54.5%
Blackheart Premium Spiced	Heaven Hill Distilleries	--	--	30	45	50.0%
Vesica	Adamba Imports	--	--	18	38	++
Evan Williams Cherry Reserve	Heaven Hill Distilleries	--	--	--	30	--
El Charro	White Rock Distilleries	--	--	22	30	36.4%
Chambord Vodka	Brown-Forman Beverages	--	--	10	18	80.0%
Prarie Organic Vodka	Phillips Distilling	7	9	12	16	33.3%
Seagram's 7 Crown Stone Cherry	Diageo	--	--	--	15	--
Spice Box	The Wine Group	--	--	--	15	--
Adult Chocolate Milk	W.J. Deutsch & Sons	--	--	--	15	--
WAVE	Sazerac	--	--	6	15	++
Moon Mountain	Diageo	--	--	5	14	++
Revel Stoke	Phillips Distilling	--	--	7	14	++
Old Mexico	MS Walker Inc.	--	--	5	12	++
Irishman	The Other Wine & Spirits Co.	--	6	10	12	20.0%
Redcup Vodka	The Wine Group	--	--	--	10	--
Redcup Rum	The Wine Group	--	--	--	10	--
American Harvest Organic Spirit	Sidney Frank Importing	--	--	--	7	--
Collingwood	Brown-Forman Beverages	--	--	--	6	--
Naked Jay	Sazerac	--	--	--	6	--

(p) Preliminary. (++) Greater than 100%.

a Rising Star. The above-premium priced brand, made at the La Certeza distillery, notched 75,000 case sales in 2011. Its first line extension, Lunazul Añejo 100% Agave Tequila, joined the brand last year. Other tequilas included here are El Charro (30,000 cases), from White Rock Distilleries, and a new Rising Star Old Mexico, from MS Walker, with sales of 12,000 cases.

Vesica Vodka, also a Rising Star last year, is a Polish, triple-distilled potato vodka. The value-priced brand reached 38,000 cases in its second year on the market. Other vodkas include the suppremium priced Chambord, which comes in the brand's signature orb-

shaped bottle, and is flavored with a combination of French black raspberry liqueur and French vodka; and two organic vodkas including Prairie Organic Vodka, from Phillips Distilling, and American Harvest Organic Spirit, from Sidney Frank Importing.

Other brands making the list include three Canadian whiskies: Spice Box, a spiced Canadian whisky, Revel Stoke, and the high-end brand Collingwood. Other brands include Irishman Irish whiskey; Redcup Vodka and Rum; and Adult Chocolate Milk, a liqueur made from chocolate milk, fruit punch, limeade and orange cream.

SPIRITS ESTABLISHED GROWTH BRANDS

The Spirits Established Growth Brand category represents large-volume brands (sales of more than 400,000 cases) that increased sales over each of the last four years. As a result of the challenging economic environment of recent, a number of leading spirits brands, such as Bacardi or Jose Cuervo, saw sales decrease in at least one of the previous four years, thus disqualifying them from the Established Growth Brand category. At the same time, the brands cited here, mostly mature brands, should be commended for having managed to continue their sales gains. There are a number of premium and above-premium priced brands here, as well as several value-priced products. And, as many retailers point out, once again, the value-priced brands are moving a lot of larger size packages. Of the 18 Established Growth Brands in 2011 (one less than in 2010), 17 return to the list from last year.

The one brand new to the list is Admiral Nelson Spiced Rum, which moved from LUXCO to Heaven Hill Distilleries in the middle of last year. In fact, the Admiral has been a Fast Track spirits brands for several years, but is listed here because its growth did not reach double digit percentages in 2011. Still, the spiced rum grew a respectable 3.9%, reaching sales of 725,000 cases.

Once again, Diageo claimed the top three brands among the returning Established Growth Brands. First, Smirnoff topped the list once again, with 2011 sales of more than 9.6 million cases, a 0.6% gain, and maintained its position as the best-selling spirit in the U.S., with flavor introductions continuing to help generate interest. Captain Morgan Spiced Rum followed, garnering almost 6.3 million cases, a 0.5% increase. The brand injected some extra excitement to its portfolio when it debuted Captain Morgan Lime Bite in 2010. And Crown Royal, the superpremium Canadian whisky that just keeps growing its business, jumped another 1.4% in 2011 to 4.15 million cases. The company is also seeing some success with the 2010-launched, 90-proof Crown Royal

Black, highlighting it as an "extra bold" whisky.

For its part, Skyy Vodka also continued its successful run, gaining 1.5% to more than 2.7 million cases. The above-premium-priced brand just released another line extension to its portfolio of Infusions natural flavored vodkas, with Infusions Coconut, made with real coconuts. Another above-premium-priced vodka noted here is Three Olives, which notched a healthy 8.5% increase in 2011, to just under 1.48 million cases. Imported from England, the brand boasts about 20 flavors, with one of its 2011 intros being Dude, a lemon-lime flavored vodka. The premium-priced line of Seagram's vodkas also feature several flavors, including Seagram's Sweet Tea and Seagram's Grape Moscato Vodka. The brand hit a respectable 1.2 million cases last year, a 4.3% increase. The remaining returning vodkas are all so-called value-priced brands. Barton grew 4.9%, registering sales of more than 1.9 million cases last year; Skol neared sales of 1.85 million case (up 7.9%); Kamchatka inched up by 0.2%; and Taaka Vodka notched to 480,000 cases.

There are three tequilas in the category, with two of them featuring super- and ultra-premium expressions. Patron continued its positive sales momentum in 2010, with a notable 6.5% gain, with sales of just under 1.88 million cases, while the line of 1800 Tequila totaled 805,000 cases, representing a fantastic 17.0% increase, the highest percentage gain among all the Established Growth brands. Juarez Tequila, a value brand, closed the year with sales of 810,000 cases, a 4.1% gain.

A value-priced Canadian whisky also returned to the Established Growth Brand category. Rich & Rare reached sales 795,000 cases, and recently launched its R&R Reserve line extension.

Three bourbons continued to thrive in the marketplace. The first, Evan Williams, climbed to sales of 1.3 million cases. The bourbon's base brand is competitively priced; however, it also features an ultra-premium single



ESTABLISHED GROWTH BRANDS

The brand must be a top seller, moving a minimum of 400,000 9-liter cases annually, and must have grown moderately or substantially over each of the past four years.

DISTILLED SPIRITS (Thousands of 9-liter cases)

Brand	Supplier	2007	2008	2009	2010	2011 ^p	'10/'11 % Chg	'07/'11 % ACGR
Smirnoff	Diageo	9,015	9,323	9,507	9,600	9,660	0.6%	1.7%
Captain Morgan	Diageo	5,860	6,072	6,177	6,255	6,285	0.5%	1.8%
Crown Royal	Diageo	3,794	3,847	4,025	4,092	4,150	1.4%	2.3%
Skyy	Campari America	2,322	2,485	2,655	2,700	2,740	1.5%	4.2%
Barton Vodka	Sazerac	1,653	1,699	1,800	1,855	1,930	4.0%	3.9%
Patron	The Patron Spirits Company	1,630	1,725	1,740	1,760	1,875	6.5%	3.6%
Skol Vodka	Sazerac	1,591	1,592	1,595	1,710	1,845	7.9%	3.8%
Three Olives	Proximo Spirits	850	1,100	1,250	1,360	1,475	8.5%	14.8%
Evan Williams	Heaven Hill Distilleries	1,030	1,120	1,235	1,284	1,300	1.2%	6.0%
Seagram's Vodka	Infinium Spirits	890	980	1,085	1,150	1,200	4.3%	7.8%
Maker's Mark	Beam Inc.	720	770	803	915	1,036	13.2%	9.5%
Kamchatka	Beam Inc.	921	954	995	1,022	1,024	0.2%	2.7%
Juarez	Luxco	598	650	751	778	810	4.1%	7.9%
1800	Proximo Spirits	505	520	537	688	805	17.0%	12.4%
Rich & Rare	Sazerac	680	715	765	785	795	1.3%	4.0%
Admiral Nelson	Heaven Hill Distilleries	316	430	570	698	725	3.9%	23.1%
Taaka Vodka	Sazerac	330	380	435	460	480	4.3%	9.8%
Old Crow	Beam Inc.	385	398	407	429	435	1.4%	3.1%

(p) Preliminary ACGR=Annual Compound Growth Rate

barrel expression, which recently released its 2002 vintage edition. Meanwhile, the superpremium Maker's Mark Bourbon is another high-end product that has maintained its growth status, jumping another 13.2% in 2011, and breaking the 1 million case mark in sales for

the first time. The brand debuted its first-ever line extension late in 2010, with Maker's 46, identified as a "bolder" Maker's Mark. And finally, Old Crow bourbon returned to the list. The value-priced brand attained sales of 435,000 cases in 2011.

WINE FAST TRACK BRANDS

As we've said here before, the adage of offering good-tasting, fun, affordable wines is the obvious recipe for succeeding in the wine market these days. And based on the statistics, the Wine Fast Track reflects the popularity of approachable, easygoing wines with clear imagery that generally sell for under \$10 at retail. Of course, there are several Fast Trackers that sell for above \$10 and a couple that retail above \$15 (including a few that feature lower-priced labels while also offering higher-priced reserve and single vineyard wines in their portfolio, for example). There are even one or two superpremium-and-above wine brands that are included here.

This year, Wine Fast Track brands number 36, compared to 31 from last year. Twelve new brands were added this year, including seven that were previously noted as Wine Rising Stars.

E&J Gallo's knack for building fast-growing, suc-

cessful wine brands is again showcased here. For example, Barefoot Cellars, with its expanding portfolio of varietal and other wines, usually selling for below \$10, added an additional 3 million case sales in 2011, pushing its overall sales to 13 million cases, a phenomenal 30.0% gain. Another high-volume E&J Gallo brand, Liberty Creek's low-priced, fast-moving 1.5 liter varietals, registered a healthy 1.9 million cases, a heady 58.3% increase, while Gallo's Tisdale wines gained 16.7% to 1.4 million cases. New to the Fast Track is Gallo's Canyon Road line of white and red varietals, which notched sales of 600,000 cases last year, a hefty 33.3% increase. Gallo's Red Rock, which features a Reserve Merlot and Reserve Malbec at about \$10 per bottle, garnered 250,000 cases in 2011, a notable 42.9% gain. The three remaining E&J Gallo wines were all tabbed as Rising Star Wine brands last year and continued their significant growth to make the Fast



FAST TRACK

The brand must have exceeded 100,000 9-liter cases in 2011, with double-digit growth over each of the past four years. All brands must be at least five years of age.

WINES (Thousands of 9-liter cases)

Brand	Supplier	2007	2008	2009	2010	2011 ^p	'10/'11 % Chg	'07/'11 % ACGR
Barefoot Cellars	E & J Gallo Winery	4,000	6,000	7,500	10,000	13,000	30.0%	34.3%
Black Box	Constellation Wines	815	1,130	1,530	1,879	2,070	10.2%	26.2%
Ménage à Trois	Trinchero Family Estates	523	911	1,374	1,785	2,008	12.5%	40.0%
Liberty Creek	E & J Gallo Winery	160	470	600	1,200	1,900	58.3%	85.6%
Fish Eye	The Wine Group	950	1,200	1,400	1,600	1,900	18.8%	18.9%
Cupcake Vineyards	The Wine Group	20	60	300	1,000	1,800	80.0%	++
Bota Box	DFV Wines	207	347	656	940	1,604	70.6%	66.8%
Bogle	Bogle Vineyards	1,014	1,138	1,252	1,423	1,575	10.7%	11.7%
Tisdale	E & J Gallo Winery	550	650	800	1,200	1,400	16.7%	26.3%
Verdi Spumante	Carriage House Imports	773	858	982	1,098	1,210	10.2%	11.9%
14 Hands	Ste. Michelle Wine Estates	147	207	247	409	774	89.2%	51.5%
Canyon Road	E & J Gallo Winery	55	130	380	450	600	33.3%	81.7%
Big House	The Wine Group	275	325	375	450	575	27.8%	20.2%
Gnarly Head	DFV Wines	250	326	422	506	565	11.7%	22.6%
Kim Crawford	Constellation Wines	259	298	349	389	455	17.0%	15.1%
RELAX	Schmitt Sohne	189	225	278	350	388	10.9%	19.7%
Twisted	DFV Wines	116	140	200	238	325	36.6%	29.4%
Mionetto	Mionetto USA	142	179	218	264	319	20.8%	22.4%
Oyster Bay	Oyster Bay Wines USA	140	155	190	240	303	26.3%	21.3%
Coastal Vines Cellars	Bronco Wine Co.	15	63	166	263	295	12.2%	++
Red Rock	E & J Gallo Winery	55	100	120	175	250	42.9%	46.0%
Cellar 8	Treasury Wine Estates	105	149	184	214	243	13.6%	23.4%
King Estate	King Estate Winery	130	143	159	215	240	11.6%	16.6%
Don Miguel Gascon	E & J Gallo Winery	10	100	150	175	225	28.6%	++
Noble Vines (formerly 337/181)	DFV Wines	40	68	114	151	224	48.3%	53.8%
Duckhorn	Duckhorn Wine Company	62	75	85	163	212	30.1%	36.0%
Martin Codax	E & J Gallo Winery	35	60	80	120	200	66.7%	54.6%
Ghost Pines	E & J Gallo Winery	15	40	80	120	200	66.7%	91.1%
Three Thieves Bandit	Trinchero Family Estates	64	101	123	169	199	17.8%	32.8%
Hob Nob	W.J. Deutsch & Sons	50	75	125	150	173	15.3%	36.4%
Lunetta Prosecco	Palm Bay International	31	52	73	103	153	48.5%	49.1%
Redtree	Cecchetti Wine Company	21	79	109	137	152	10.9%	64.0%
Funf Riesling	Schmitt Sohne	21	28	40	110	134	21.8%	58.9%
Santa Julia	Winesellers	45	67	75	86	126	46.3%	29.3%
Trivento	Banfi Vintners	17	35	81	90	125	38.9%	64.7%
Catena	Winebow	75	89	98	113	124	10.0%	13.5%
New Age	Quintessential Wines	7	19	78	112	124	10.7%	++

(p) Preliminary. ACGR=Annual Compound Growth Rate. (++) Greater than 100%.

Track this year. The first, Don Miguel Gascon, is a competitively priced Malbec from Argentina that attained sales of 225,000 cases in 2011; next, Martin Codax is the Spanish Albarino, usually selling for above \$10, which saw an eye-opening 66.7% jump to 200,000 cases in 2011; finally, Gallo's California-produced Ghost Pines

line of varietals, also regularly selling for just above \$10, likewise reached sales of 200,000 cases, for a 66.7% gain.

Other high-volume Fast Tracks wines also hail from California. These include Constellation's Black Box bag-in-box offerings, ranked second in the Fast Track, which scored a 10.2% sales increase to more than 2 million

cases. At a higher price point than many value proposition wines is Trinchero Family Estate's Menage a Trois, usually sold for about \$10 and up. Featuring a Red Table Wine, White Table Wine, Rose and Chardonnay, Menage a Trois gained an impressive 12.5% last year to break the 2 million case mark. As last year, Trinchero's second Fast Track entry is Three Thieves Bandit, which features a line of wines that come in 1 liter and 500 ml tetra pack containers; the brand gained 17.8% in 2011, hitting 199,000 cases.

The Fish Eye line of wines, from the Wine Group, which come in a variety of large and traditional bottle sizes, hit 1.9 million cases (up 18.8%). In addition to Fish Eye, the Wine Group numbered two new members in the Wine Fast Track. The first is the under-\$10 line of Big House wines, including a Red, White and Pink, as well as Big House The Lineup and Big House The Prodigal Son. The brand rose by 27.8% in 2011 to 575,000 cases. The second is new to the Fast Track: the line of Cupcake Vineyards wines as one of the fastest-growing brands now on the market, having jumped by 800,000 cases in 2011 to 1.8 million cases, and 80.0% increase. The extensive portfolio of whites, reds and sparkling wines include products sourced from California as well as Italy, Germany, France, New Zealand, Australia, Argentina and Chile.

Another new member of the Fast Track is Bogle, the California line of varietals that sells for a range of prices (up 10.7% to just under 1.6 million cases). The brand had previously been included in the Wine Established Growth Brands category.

Another supplier with several brands represented here is DFV Wines. Bota Box, the company's bag-in-box offering of varietals in 3-liter packages (priced approximately \$15-\$17), had another stellar year in 2011, increasing sales by 70.6% to just over 1.6 million cases. DFV's other entrants include three returning Fast Track brands: the mid-priced Gnarly Head portfolio (565,000 cases, up 11.7%), and the lower-priced Twisted line of varietals (up 36.6%, reaching 325,000 cases), with both brands still positioned to highlight accessibility, flavor and fun; and the slightly higher-priced Noble Vines (previously called 337 Cabernet Sauvignon, named for a famed cabernet clone, and 181 Merlot), which grew by a hefty 48.3% to 224,000 cases.

Other notable brands include Washington State's Ste. Michelle Wine Estates' mid-priced 14 Hands, which shined with an 89.2% increase to 774,000 cases; Oregon's King Estate, with wines ranging from premium to ultra-premium prices (up 11.6% to 240,000 cases); California's mid-priced Cellar 8 portfolio, from Treasury Wine Estates, which increased sales to 243,000 cases (up

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RISING STARS

The brand must be less than five full years of age, and must have exhibited notable growth over the past few years.

WINES (Thousands of 9-liter cases)

Brand	Supplier	2008	2009	2010	2011 ^p	'10/'11 % Chg
Daily's Pouches	American Beverage Corp.	90	250	650	2,100	++
Apothic	E & J Gallo Winery	--	14	120	800	++
Flip Flop	The Wine Group	--	--	--	600	--
ChocoVine	Clever Imports	--	90	450	550	22.2%
Alamos	E & J Gallo Winery	--	75	345	520	50.7%
Madria Sangria	E & J Gallo Winery	--	125	226	300	32.7%
Kirkland Signature	E & J Gallo Winery	45	120	150	175	16.7%
Simply Naked	Constellation Wines	--	--	--	160	--
La Marca	E & J Gallo Winery	--	14	25	150	++
Entwine	Wente Vineyards	--	--	--	150	--
Green Fin	Bronco Wine Co.	--	3	87	120	37.9%
Tableleaf Winery	Bronco Wine Co.	--	--	--	107	--
Leese-Fitch	The Other Guys	21	42	69	103	49.3%
Starborough	E & J Gallo Winery	30	65	75	100	33.3%
Newman's Own	Trincher Family Estates	54	67	86	97	12.8%
SeaGlass	Trincher Family Estates	3	18	35	86	++
Ninety+Cellars	Latitude Beverage Co.	--	14	48	81	68.8%
LuLu B	The Wine Group	--	--	--	75	--
Colores Del Sol	Treasury Wine Estates	--	42	64	75	17.2%
blufeld	Constellation Wines	--	--	44	69	56.8%
Allure Winery	Bronco Wine Co.	--	--	--	65	--
Primal Roots	Constellation Wines	--	--	--	60	--
The Dreaming Tree	Constellation Wines	--	--	--	60	--
Pennywise	The Other Guys	1	3	31	55	77.4%
The Crusher	Don Sebastiani & Sons	5	26	34	43	26.5%
Ows Cellar Selection	The Other Wine & Spirits Company	12	24	32	40	25.0%
Project Paso	Don Sebastiani & Sons	--	--	--	37	--
Peregrin/Mohua	Vineyard Brands	--	1	28	35	25.0%
Backhouse	Cecchetti Wine Company	--	3	5	33	++
Brazin	DFV Wines	--	17	28	31	10.7%
Ruta 22	W.J. Deutsch & Sons	--	--	9	30	++
Cantina di Soave	Mionetto USA	--	--	18	28	55.6%
Fog Head	DFV Wines	--	2	9	24	++
Massimo	DFV Wines	--	--	1	23	++
Black Stallion	DFV Wines	--	--	--	20	--
Caves du Fournalet Winery	Bronco Wine Co.	--	--	2	18	++
Carmenet Vineyards	Bronco Wine Co.	--	8	13	15	15.4%
Llai Llai	W.J. Deutsch & Sons	--	--	9	15	66.7%
Rioja Vega	Constellation Wines	--	--	--	10	--
Copa Del Rey	Hahn Family Wines	--	1	1	10	++
Don & Sons Sonoma Signature Series	Don Sebastiani & Sons	--	--	--	8	--
Chateau Tanunda	Banfi Vintners	--	--	3	7	++
Amusant	Bronco Wine Co.	--	--	--	7	--

(p) Preliminary. (++) Greater than 100%.

13.6%); and the well-known Napa Valley Duckhorn (up 30.1% to 212,000 cases), with wines ranging from superpremium to ultra-premium prices. Besides its well-known line of Bordeaux varietals, Duckhorn also produces the increasingly popular line of Paraduxx blends as well as the Goldeneye, Migration and Decoy labels.

Additional new Fast Track wines that were previously listed in the Rising Star category include Coastal Wine Cellars, from Bronco, a value-priced California brand that hit 295,000 cases, a 12.2% increase; the line of California Redtree Lake County varietals, retailing at about \$10, from The Cecchetti Wine Company (152,000 cases, up 10.9%); and W.J. Deutsch & Sons Hob Nob label from France (173,000 cases, up 15.3%). Meanwhile, other imported wines included here include several Italian sparklers: the value-priced Verdi Spumanti, which eclipsed 1.2 million cases, an increase of 10.2%, and Mionetto, the premium-priced prosecco, which gained 20.8%, to hit 319,000 cases, both of which are returning Fast Track brands, and Lunetta Prosecco, new to the category, which jumped 48.5% to 153,000 cases.

New Zealand counts the premium to superpremium-priced Kim Crawford wines, which sold a healthy 455,000 cases (up 17.0%), as well as Oyster Bay, which sells its line of varietals for a suggested retail of about \$15 per bottle (303,000 cases, up 26.3%).

There are four additional entries from Argentina here, including the returning Fast Track brand New Age (124,000 cases), with its Valentin Bianchi Vino Bianco, White Wine and Rose, all selling for below \$10; and three brands new to the Fast Track: the competitively priced Santa Julia, with a range of varietals (126,000 cases), Catena (124,000 cases), which highlights its superpremium-priced Malbec; and Banfi's Trivento (125,000 cases), featuring a range of varietal offerings with prices hovering at \$10 and below, with again, its Malbec and Reserve Malbec leading the way. Finally, the German wines RELAX (up 10.9% to 388,000 cases) and Funf Riesing (134,000 cases) both returned to the Fast Track.

WINE RISING STARS

Most Rising Star brands have been on the market for three years or less and have shown early sales success or, for even newer brands, initial potential. This year's list includes 43 wine brands (versus 37 Rising Stars from last year) that vary in price range from value to superpremium. And there are plenty of wines here new to the Rising Star category. Not surprisingly, these Rising Stars come from many of the best-known wine-producing regions in the world: while more than half of the brands are made in California, the others are spread among South American producers, the Europeans and New Zealand.

The top brand on the list, Daily's Pouches, is the extensive line of wine-based mixers and pre-mixed cocktails, which exploded last year to 2.1 million 9-liter cases. Ranked second is Apothic, from E&J Gallo. The brand, which features a line of California Syrah, Zinfandel and Merlot retailing for below \$10, also had a phenomenal 2011, with sales of 800,000 9-liter cases. Indeed, E&J Gallo has a handful of additional brands here, as varied as the entire Rising Star category. For example, its Alamos brand, imported from Argentina, highlights a Malbec for under \$10. Alamos boasts sales of 520,000 9-liter cases. Gallo's Madria Sangria, sourced in California, registered sales of 300,000 cases in 2011. Meanwhile, Gallo

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continues to supply the Costco-driven Kirkland Signature label (175,000 cases), which includes a range of wines from various regions, selling at different price points. Also from Gallo are La Marca, an Italian Prosecco priced about \$12-\$13, which jumped from sales of 25,000 cases to 150,000 cases; and Starborough, from New Zealand, which features a Sauvignon Blanc also selling for above \$10 (100,000 cases).

The Wine Group debuted Flip Flop wines last year, with the image of a pair of flip flops on the label. The line of easy drinking varietals retailing for about \$7 a bottle had a tremendous first year on the market, with sales of 600,000 cases. The Wine Group also launched Lulu B wines last year. Source from Southern France, the wines feature a Chardonnay, Syrah and Pinot and hit sales of 75,000 cases in 2011.

One of the more unusual wines to make the list is the flavored wine ChocoVine, a blend of red wine, dark chocolate and Dutch cream. The brand notched sales of 550,000 cases last year.

Constellation Wines numbered several new brands among the Rising Stars this year, starting with Simply Naked, a line of varietal wines, all unoaked, with a suggested retail of \$9.99 each, which registered sales of 160,000 cases. With more modest sales of 60,000 cases each are Constellations Primal Roots wine line of Syrah, Merlot and Zinfandel, retailing for under \$10, as well as the higher-priced (\$12-\$15 suggested retail) The Dreaming Tree



label, featuring a Chardonnay, Cabernet Sauvignon and Crush, a red blend. Constellation also had some initial success with the new Spanish Tempranillo Rioja Vega, retailing for \$12. The company also has the returning Rising Star, blufeld, an off-dry Riesling from the Mosel in Germany, selling for slightly above \$10, which notched sales of 69,000 cases last year.

One of the more interesting new wines to hit the market in 2011 is Entwine, a partnership between Wente Vineyards and The Food Network. The food-friendly lineup of wines includes Pinot Grigio, Chardonnay, Merlot and Cabernet Sauvignon, retailing for \$11-\$13. Launched mid-year, Entwine still managed to notch sales of 150,000 cases.

Bronco Wine Co. numbers a half dozen wines here, including Green Fin, a white table wine made from organic California grapes (120,000 9-liter cases), which is sold primarily through Trader Joe's for \$4 a bottle. The company's new Tableleaf Winery line of varietals (\$7-\$8) hit 107,000 cases in 2011, while its Allure White and Pink Moscatos (below \$10), also new to the market, saw case sales of 65,000 cases. Also showing promise are Bronco's Caves de Fournelet, Carmenet Vineyards and Amusant.

The Leese-Fitch line of Sonoma, CA, varietals, from The Other Guys, retailing for about \$12 a bottle, broke through the 100,000 cases mark, while the company's other Rising Star, Pennywise, features a full line of varietals, with sales of 55,000 cases.



ESTABLISHED GROWTH BRANDS

The brand must be a top seller, moving a minimum of 400,000 9-liter cases annually, and must have grown moderately or substantially over each of the past four years.

WINES (Thousands of 9-liter cases)

Brand	Supplier	2007	2008	2009	2010	2011 ^p	'10/'11 % Chg	'07/'11 % ACGR
Sutter Home	Trinchero Family Estates	8,166	8,493	9,271	10,359	10,769	4.0%	7.2%
Woodbridge by Robert Mondavi	Constellation Wines	7,019	7,300	7,326	7,570	8,000	5.7%	3.3%
Peter Vella	E & J Gallo Winery	5,850	6,100	6,200	6,300	6,700	6.3%	3.4%
Cavit	Palm Bay International	3,350	3,410	3,450	3,455	3,524	2.0%	1.3%
Corbett Canyon	The Wine Group	2,850	2,950	3,100	3,300	3,400	3.0%	4.5%
C K Mondavi Vineyards	Charles Krug Winery	1,063	1,127	1,338	1,360	1,440	5.9%	7.9%
J. Lohr Estates	J. Lohr Winery	789	818	888	975	1,085	11.3%	8.3%
Sycamore Lane	Trinchero Family Estates	371	400	477	567	614	8.3%	13.4%
Louis Martini	E & J Gallo Winery	230	240	315	500	600	20.0%	27.1%
Castle Rock	Castle Rock Winery	366	439	480	528	560	6.0%	11.2%
Real Sangria (Cruz Garcia - Real)	Shaw-Ross Int'l Importers	423	447	460	497	522	5.0%	5.4%
Santa Rita	Palm Bay International	320	350	390	433	505	16.6%	12.1%
Octavin Home Wine Bar	The Wine Group	185	295	370	440	450	2.3%	24.9%
Trapiche	Frederick Wildman and Sons	225	250	350	410	445	8.5%	18.6%
Gekkeikan Sake	Sidney Frank Importing	385	397	405	423	438	3.5%	3.3%

(p) Preliminary. ACGR=Annual Compound Growth Rate.

Trinchero Family Estates numbers two Rising Stars: Newman's Own line of varietals (97,000 cases), an extension of the famous actor's food line; and Seaglass, a line of California wines featuring Sauvignon Blanc, Riesling, Chardonnay and Pinot Noir (86,000 cases), which generally sell above \$10.

Other returning members of the rising Star list include Colores del Sol, from Argentina, which climbed to 75,000 cases; Ninety+ Cellars (81,000 cases), which features wines from California, Washington State, Italy, New Zealand, Australia, Argentina and France, all priced \$10 and above; The Crusher line of affordable single vineyard varietals from California (retailing for \$10 to \$13; 43,000 cases in 2011); and the OWS Cellar Selection, at 40,000 cases.

For its part, DFV Wines can count four labels from its portfolio as Rising Stars: Brazil Old Vine Zinfandel, from California (about \$15 retail, 31,000 cases); the Foghead line of California varietals (24,000 cases);

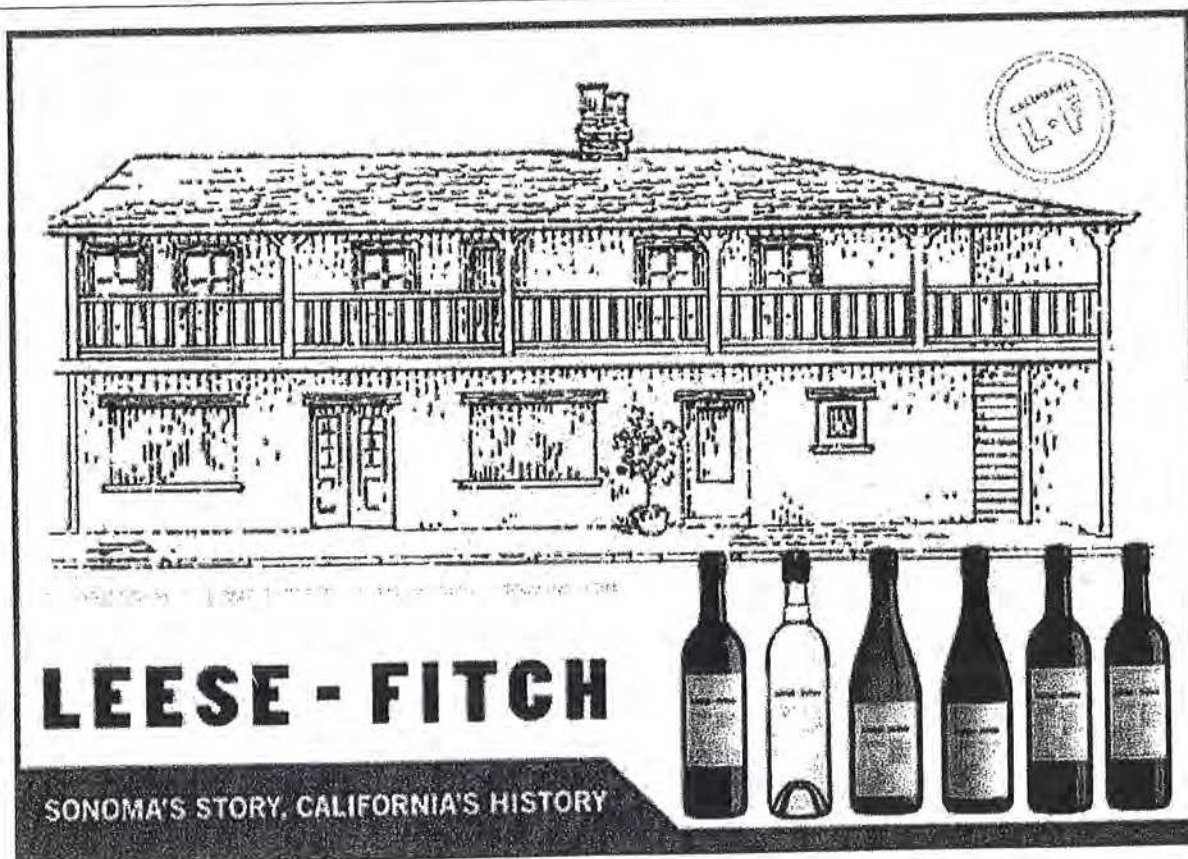
Massimo wines (23,000 cases), which include a Spanish Rioja and a Malbec from Argentina; and Black Stallion (20,000 cases), a Napa Valley winery featuring hand-crafted, superpremium-priced varietals.

Project Paso wine, from Don Sebastiani & Sons, which features a Red Wine Blend made from eight different varietals, plus other wines, sold 37,000 cases last year, while the company's Don & Sons Sonoma Signature wine showed a promising debut. Peregrin/Mohua, a high-end line of varietals from New Zealand, focusing on several different Pinot Noir expressions, reached sales of 35,000 cases; Cecchetti Wine Co.'s Backhouse line of affordable California varietals, hit 33,000 cases; and Cantiana di Soave, a line of premium Italian wines, from Minoetto, sold 28,000 cases in its second year in the U.S. The remaining Rising Stars include the WJ. Deutsch wines Ruta 22 and Llia Llia; Hahn Famile Wines' Copa Del Rey; and Banfi's Chateau Tanuda.

WINE ESTABLISHED GROWTH BRANDS

The Wine Established Growth Brand category focuses on top-selling, high-volume wine brands that have shown consistent growth over each of the past four years. These are some of the industry's powerhouse

brands that help comprise the backbone of wine sales in the U.S. This year, there are 15 brands represented compared to 22 that made the list last year. Clearly, a number of best-selling wines in the U.S. did not qualify,



LEESE - FITCH

SONOMA'S STORY, CALIFORNIA'S HISTORY

primarily because they had a sales decline for at least one year between 2007 and 2011. While there are a few premium and above-premium priced wines here, the vast majority of these brands are generally viewed as value-priced wines. For instance, the top volume Established Growth brand is Sutter Home, featuring an extensive portfolio of offerings, with 2011 sales at just under 10.8 million 9-liter cases. Sutter Home is followed by the well-known Woodbridge by Robert Mondavi, with a lineup of more than a dozen value-priced California wines, which climbed to sales of 8.0 million 9-liter cases last year.

Interesting, the highest percentage gainers among the Established Growth Brands list include the premium-priced J. Lohr Estates, which notched an 11.3% increase, breaking the 1 million case mark for the first, to more than 1.08 million cases; the Louis Martini portfolio of above-premium priced wines, primarily a line cabernet sauvignons as well as Gnarly Vine Zinfandel, which together saw a hefty 20.0% gain to 600,000 cases; and Santa Rita wines, featuring a line of Chilean varietals from several different labels at a range of price points (up 16.6% to 505,000 cases).

Also notable here are CK Mondavi Vineyards, with

a line of varietals retailing about \$10 and up (1.44 million cases, up 5.9%); and Castle Rock, the line of California wines that range around \$10 and above retail (up 6.0% to 560,000 cases).

There are two new members of the Established Growth brand category: Octavin Home Wine Bar, which is a collection of six different labels (Monthaven Winery, R. Muller Riesling, etc.) that come packaged in 3-liter "premier" wine casks meant to prevent oxidation and keep wine fresh for up to six weeks after opening. The brand hit sales of 450,000 cases last year. Also new to the list Trapiche, the top-selling line of varietal wines from Argentina, which saw sales climb to 445,000 cases.

Additional leading Established Growth brands include Peter Vella, a Gallo brand that markets large-size bag-in-box wines, and reached 6.7 million cases last year; the value-focused Cavit wine from Italy (more than 3.5 million cases); Corbett Canyon's value-driven California wines (3.4 million cases); Sycamore Lane, from Trinchero Family Estate, featuring a line of value California varietals (up 8.3% to 614,000 cases); Real Sangria, from Spain, totaling just under 522,000 cases; and finally, the rice wine Gekkeikan Sake (438,000 cases), from Japan. □

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- ☐ 06 Chain Supermarket Headquarters
- ☐ 07 Drug Store (Single Unit)
- ☐ 08 Chain Drug Store (2 or More Locations)
- ☐ 09 Chain Drug Store Headquarters
- ☐ 10 Convenience Store (Single Unit)
- ☐ 11 Chain Convenience Store (2 or More Locations)
- ☐ 12 Chain Convenience Store Headquarters
- ☐ 13 Wholesaler/Distributor
- ☐ 14 Beer Store/Wine Cellar
- ☐ 15 Other (Listed in field)

01203

2. What is your title? (check only one)

- ☐ 1 Owner/Company Officer
- ☐ 2 District/Regional/National/Divisional General Manager/Operations/Finance/Marketing/IT
- ☐ 3 Buyer/Purchasing Manager/Director/V.P.
- ☐ 4 Merchandising/Marketing Manager/Director/V.P.
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- ☐ 6 Chain Manager/Director/V.P.
- ☐ 7 Others (Listed in field)

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00

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- ☐ 4 \$1M - \$1.5M
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- ☐ 6 \$500,000 - \$750,000
- ☐ 7 \$250,000 - \$500,000
- ☐ 8 Less than \$250,000

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00

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EXHIBIT 5

Whiskies Top The List Of Impact "Hot Prospect" Winners

September 4, 2012

For the first time ever, whiskies comprise the highest number of brands of any category in Impact's spirits "Hot Prospect" rankings. Seven whisk(e)y brands earned Hot Prospect honors this year, narrowly edging out the vodka category, which had six entries.

The winning whiskies are Woodford Reserve Bourbon from Brown-Forman, Pendleton Canadian whisky from Hood River Distillers, Bulleit Bourbon from Diageo North America, Glenmorangie single malt Scotch from Moët Hennessy USA, The Balvenie single malt Scotch from William Grant & Sons USA, Devil's Cut Bourbon from Beam Inc. and Seagram's 7 Dark Honey from Diageo North America.

Brands qualifying as Hot Prospects must have posted at least 15% depletion growth in 2011 while also showing consistent growth in 2009 and 2010. Brand volumes must be at least 50,000 cases but not more than 200,000 cases. New products can also qualify as Hot Prospects if they pass the 50,000-case mark in their first year.

Impact named a total of 26 spirits Hot Prospect winners. The vodka entries were Rökk, Ursus and Godiva from Diageo North America, Pucker from Beam Inc., Exclusiv from Serge Imports and Cupcake from the Wine Group's Underdog Wine & Spirits unit.

The Hot Prospect winners also included five liqueur brands (Patrón Citronge and Patrón XO Café from the Patrón Spirits Co., Evan Williams Honey Reserve from Heaven Hill Distilleries, St-Germain from Maison 6ème Arr. and RumChata from Agave Loco Brands); three Tequilas (Milagro from William Grant, Lunazul from Heaven Hill and Zarco from Proximo); three prepared cocktail brands (Malibu Ready-to-Drink from Pernod Ricard, Twisted Shotz from Independent Distillers USA and UV Cocktails from Phillips Distilling Co.); one rum (The Kraken from Proximo); and one gin (Hendrick's from William Grant & Sons USA).

Diageo North America led all companies with five Hot Prospect winners (Rökk, Bulleit, Ursus, Godiva, and Seagram's 7 Dark Honey). William Grant & Sons USA came in second with three winners (Hendrick's, Milagro and The Balvenie).

For a complete list and analysis of Impact's spirits and wine Hot Prospects, see Impact's September 1&15 issue.

search...

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17	18	19	20	21	22	23
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7 AUG

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EXHIBIT 6

- in the Mix Magazine - <http://inthemix.on-premise.com> -

RumChata Experiences Seventy Percent Sales Growth

Posted By [In The Mix Magazine](#) On August 20, 2013 @ 12:04 pm In [Press Releases, Summer 2013](#) | [Comments Disabled](#)



[1]

CHICAGO – August 6, 2013 – RumChata Brand Rum Cream continued its skyrocketing performance in the first six months of 2013 with a seventy percent increase in sales over the same period in 2012. RumChata has quickly become a call-brand by bar patrons across the country, some of who are now asking for the brand simply by calling for "Chata!" On-premise call is driving the award-winning brand's tremendous growth.

"Our liter business is up well over sixty percent because of our outstanding on-premise turnover. It's very exciting when I visit an account and see bartenders constantly reaching for that iconic big white bottle of RumChata," said Tom Maas, RumChata Founder and Master Blender. "Whether asking for RumChata by name or just Chata, bartenders know that their customers are only satisfied with the original flavor for which RumChata has become so famous."

At the current pace, RumChata is projected to top 600,000 cases. Key to helping achieve this milestone is answering the demand by bartenders and consumers to expand the RumChata bottle size selection. In July of 2012, RumChata began shipping 1.75ml, 375ml and 50ml bottles in addition to its Liter and 750 ml sizes.

"It definitely pays to listen to your customers," said Maas. "The reaction to our expansion of sizes has gone well beyond our expectations and projections and gives customers a better choice in how they want to take home the brand."

Though categorized by the spirits industry as a rum cream, RumChata's success crosses over and impacts other categories including traditional creams and flavored rums. RumChata

currently outsells Bailey's in eight markets and that number is projected to grow to as many as twelve by the end of the year. In addition, RumChata has outsold all the new spiced-rums combined that have been introduced over the past two years.

RumChata's average retail price for a 750ml bottle is \$19.95. More about RumChata including food and drink recipes and where it is available can be found at www.rumchata.com and on the RumChata Facebook page.

###

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EXHIBIT 7



Technomic Reveals Spirits Outpacing Wine and Beer to Break 200 Million Cases

Flavor innovation and premiumization propelling growth in spirits

CHICAGO, May 16, 2013 /PRNewswire/ -- The spirits industry hit a milestone and exceeded 200 million cases in 2012 and is positioned for ongoing growth in 2013. According to the first of three Trends in Adult Beverage (TAB) reports, the just-released 2013 SpiritsTAB Report from Technomic reveals that spirits volume increased by 6.3 million 9-liter cases. That 3.2 percent gain in total volume pushed the industry to a record-breaking 205 million 9-liter cases.

"Despite the moderate pace of the economic recovery, the spirits industry continued to grow in volume and dollars," observes Eric Schmidt, Director of Research at Technomic. "Spirits was actually the fastest-growing segment of adult beverage in 2012, outpacing wine and beer, and we anticipate that trend continuing in 2013."

The premiumization trend in spirits ramped up in 2012, indicating consumers explored the spirits categories and indulged in high-quality drinks, even in the slow economy. The higher price tiers outperformed the lower ones in every spirits category with the exception of blended American whiskey and cordials and liqueurs. The growth of more expensive spirits categories such as single malt Scotch, Cognac, imported vodka and Irish whiskey attest to consumers' willingness to spend more to experience the premium end of the spirits spectrum.

The fastest-growing categories include vodka (5.8 percent), American straight whiskey (5.2 percent) and tequila (3.8 percent). Vodka increased its share to account for one-third of total spirits volume and remain the largest category, while the smallest, Irish whiskey, once again posted a double-digit gain (21.6 percent).

The collective rate of growth for whiskeys accelerated in 2012, driven by American straight whiskey, Irish whiskey and single malt Scotch. "The rise of whiskey is driven by consumers gravitating to the rich flavors and heritage of whiskey products, both of which are on trend right now," says Schmidt.

The fastest-growing spirits brands of 2012 reflect the importance of flavor and the diverse trends propelling the spirits industry. Among them are five vodkas of varying price points, two whiskey-based liqueurs with on-trend flavor profiles, a cream rum liqueur, a spiced rum entry and a premium-priced blue agave tequila.

The 10 Fastest Growing Spirits Brands
Ranked by Percentage Increase in Volume in 2011 vs. 2012
(000s of 9-liter cases)

Rank	Brand	Category/Segment	Supplier	2012	
				Volume	% Change
1.	RumChata	Cordial/Liqueur-Imported	Agave Loco Brands	365	470.3%
2.	Coulsons	Vodka-USA	Sazerac	150	172.7
3.	New Amsterdam	Vodka-USA	E & J Gallo Winery	900	157.1
4.	Zarco	Tequila	Proximo Spirits	125	150.0
5.	Exclusiv	Vodka-Imported	Serge Imports	250	138.1
6.	Bacardi Oakheart	Rum	Bacardi USA	148	85.0
7.	Cupcake	Vodka-USA	Underdog Wine & Spirits	170	70.0
8.	Fireball Cinnamon Whisky	Cordial/Liqueur-Imported	Sazerac	300	66.7
9.	Jack Daniel's Tennessee Honey	Cordial/Liqueur-USA	Brown-Forman Beverages	464	66.3
10.	Ciroc	Vodka-Imported	Diageo	2,050	51.9

Source: 2013 Technomic SpiritsTAB Report





Top 5 Spirits Suppliers by Volume (000s of 9-liter cases)

Rank	Supplier	2012	Share	% Change
1.	Diageo	45,357	22.1%	1.1%
2.	Beam Inc.	23,090	11.3	3.1%
3.	Sazerac	17,122	8.4	4.2%
4.	Bacardi USA	16,305	8.0	-1.1%
5.	Pernod Ricard USA	15,016	7.3	1.8%

Source: 2013 Technomic SpiritsTAB Report

Diageo continued to be the largest spirits marketer, accounting for slightly more than one-fifth of total volume in 2012. Diageo has sharpened its focus on its premium and above-premium brands, such as Ciroc, seeking to engage specific consumer groups through unique marketing initiatives and innovation. Beam ranked second, and concentrated its efforts against high-profile brands such as Maker's Mark, Skinnygirl, Red Stag by Jim Beam and labels with particular appeal to Millennials, including Pucker, with positive results. With an expanded portfolio due to recent acquisitions, Sazerac moved up to rank as the third-largest spirits marketer. Ranking fourth, Bacardi USA was challenged as its flagship rum brand declined, although several other labels experienced significant gains, including Bacardi Oakheart, St-Germain and Eristoff. Pernod Ricard USA ranked fifth; its Absolut brand moved into positive growth territory, while Malibu, Jameson, Beefeater and The Glenlivet each expanded in 2012. Other leading suppliers achieving significant overall volume growth included E&J Gallo/Alto Spirits, Proximo Spirits, Phillips Distilling and Fifth Generation.

Sales of spirits in bars, restaurants and other on-premise locations increased in both dollars and volume. On-premise dollar sales grew faster than off-premise dollar sales, driven by consumers trading up and operators taking modest price increases. Spirits volume grew faster in grocery, liquor stores and other off-premise outlets. As has been the case in recent years, on-premise outlets generated nearly a quarter of spirits volume but approximately half of spirits dollar sales. Consumer insights included in the 2013 SpiritsTAB report reveal that consumers value price, variety, promotions and brand of alcohol beverages more for on-premise occasions than when purchasing spirits at retail outlets.

The 2013 SpiritsTAB Report provides in-depth national volume and sales information on spirits categories, brands and companies, as well as consumer insights, all presented with expert analysis and forecasting. New in the report this year are extensive spirits advertising metrics.

EXHIBIT 8

Bloomberg Businessweek

October 13 — October 19, 2014 | businessweek.com

Mon



72°

HIGH

Tue



72°

HIGH

Wed



meow
meow
meow
meow
meow

Can We Talk About The Weather Channel?

Fewer forecasts, more clickbait. Inside the world's weirdest, savviest media behemoth

p56

Companies/I

◀ the producer of the retro-hip 500, intended as an answer to BMW's Mini lineup, but outside the U.S. and Italy its identity is muddled.

Marchionne and Elkann are eager to show the cross-pollination of their brands. In the farmhouse courtyard, a new Jeep, the Renegade, sits next to its Italian cousin, the 500X, both to be built at a Fiat factory 100 miles east of Naples. "This is a real SUV," Marchionne says, slapping the tailgate of the diminutive blue Jeep. "It'll take you anywhere." In industry jargon, the vehicles share a platform, which means most of the stuff you can't see in a car—the engines, axles, air-conditioning ducts, window-winders, and the like. It costs about \$1 billion to take a car from designer's sketch to dealer's showroom. Adapting a platform for a new model can be done for less than \$300 million, Marchionne says.

Fiat says the cars share about 40 percent of their components, though they look nothing alike. The Renegade is boxy and muscular, with a wide stance and the six-pillared Jeep grille, which make it look like it just forded an Idaho stream even when it's tooling up the Via Veneto in Rome. The 500X, while also featuring four-wheel drive and the high carriage of an SUV, has the seductive curves of the original Fiat 500; it's intended to ooze *La Dolce Vita* insouciance even at a mall in Chicago or Shanghai. "This is urban, civilized," Marchionne says, running his hands across the cream-colored five-seater. "It's Italy at its best."

Italy's biggest union, Confederazione Generale Italiana del Lavoro (CGIL), has criticized Marchionne's focus on operations overseas as an abandonment of Fiat's Italian roots and the workers who made the company



Marchionne (right) with Fiat heir Elkann

strong. Diego Della Valle, chairman of shoemaker Tod's, has long said Marchionne seeks only to enrich himself at the expense of workers. He reiterated those criticisms on Sept. 26 on *Otto e Mezzo*, a popular evening talk show, just as Marchionne was holding a news conference with

Italian Prime Minister Matteo Renzi six time zones away near Detroit. Della Valle called the Fiat chief a *sola* (a Roman curse that in polite company might be translated as "liar") who "doesn't respect any commitment." Marchionne's response: "I found it offensive. The problem with this country is that everybody is an expert."

Marchionne has support at the highest levels in Italy. Former Prime Minister Mario Monti helped Fiat inaugurate the production lines that will make the Renegade and the 500X. And Renzi on Sept. 26 spent the afternoon with Marchionne at Chrysler headquarters in the U.S. After a tour of the facility, Renzi said Marchionne's Fiat turnaround could serve as a model for all of Italian industry. "For me the most important thing is not the headquarters and where they hold their annual meeting," Renzi says, "it's the strategy of making investments in the country."

While Marchionne says Fiat can manage his huge investment plan on its own, he would consider another alliance if the right opportunity arises. Without identifying potential partners, he says he sees the possibility of a merger that would create a company larger than **Toyota Motor**, the world's biggest carmaker. "The industry needs it," Marchionne says. "This is still a very fragmented industry for the level of capital you have to invest."

If such a deal happens, Marchionne doesn't expect to stick around beyond 2018 to make it a success. He says he's grooming several members of his team

for the top job—Elkann says he's not interested in combining the chairman and CEO titles. "You're asking me if there are other things I like to do apart from this? Phenomenally, yes," Marchionne says, lighting another Muratti. "I like to be able to think, and that's not always possible in this job."

—David Rocks and Tommaso Ebhardt, with Chris Reiter and Mark Clothier

The bottom line Fiat CEO Marchionne says his expanded company will boost sales 60 percent by 2018. Analysts are doubtful.

Spirits

For RumChata, the Sweet Taste of Success

▶ The drink grabs 20 percent of the U.S. market for cream liqueurs

▶ "It's rare that a brand comes along that is a real game changer"

A decade ago marketing executive Tom Maas was working at distiller Jim Beam looking for ways to get Hispanics to drink more bourbon. That didn't work out, but the effort introduced him to *horchata*, a traditional sweet-and-spicy nonalcoholic drink consumed across Central America. Luckily, he didn't forget the milky concoction of crushed rice, almonds, cinnamon, and other spices when he went off on his own. Today his RumChata, a combination of the Latin favorite, dairy cream, and rum, sits in the profitable eye of a perfect trend storm: Hispanic flavors are hot; rum-infused tiki cocktails are in; and consumers are looking for simple yet novel drinks to mix for themselves at home.

That trifecta has helped RumChata grab one-fifth of the volume in the \$1 billion U.S. market for cream-based liqueurs, according to data tracker Euromonitor International. The drink is outselling **Diageo's** Baileys, the longtime

Fiat's New Math

\$1b

The usual cost to take a car from designer's sketch to dealer's showroom

Seductive curves



Fiat 500X

Jeep Renegade Trailhawk



These two vehicles share 40 percent of their components—engines, axles, AC ducts, window-winders—but look radically different

Boxy and muscular, with a wide stance

\$300m

The cost of adapting an existing car platform to produce a "new" model

More Than a Cocktail

RumChata encourages fans to do more than just sip



Shake it into a martini!

Pour it over bananas!

Mix it with berries!

Bake it into a pumpkin pie!

Add it to cheesecake!

leader in cream liqueurs, in parts of the U.S., including Wisconsin and Illinois. And it's luring men to the traditionally female-dominated seasonal quaff; Maas says 47 percent of RumChata's drinkers are male. These new acolytes are drawn by the drink's flexibility: It blends with everything from coffee to root beer to whiskey—and even makes for an eye-opening French toast batter.

"It's rare that a brand comes along that is a real game changer," says Paul Louis, director of Radius, a trend tracker owned by International Wine & Spirit Research. "RumChata has done that. It's almost created a new segment."

Maas, 58, stumbled upon the idea for RumChata after retiring in 2006 as worldwide director of marketing for bourbon maker Beam, now **Beam Suntory**. Recalling the horchata buzz among Hispanics, he decided to make his own spirit centered on the drink. He sent his son to dozens of Mexican restaurants in search of the best-tasting version. From his home kitchen in suburban Chicago, Maas then blended his cinnamon-laced horchata with different spirits, settling on rum only because a friend thought "RumChata" was a cool name.

All the tinkering landed Maas \$200,000 in debt. He was ready to sell his invention to a big spirits maker,

but his wife objected, noting that Maas had never made anything that everybody liked—until RumChata. So he tried to sell a few bottles to Chicago-area bars and retailers.

The reaction at first was tepid, in part because Maas insisted on selling RumChata for a few dollars more per bottle than Baileys. The turning point came when a bartender said it tasted like a bowl of **General Mills'** Cinnamon Toast Crunch. Maas started sending his salespeople to bars with a zip-lock bag full of the cereal (which is still often used as a garnish atop RumChata cocktails). Binny's Beverage Depot, the Midwest's No. 1 liquor store chain, started carrying RumChata in late 2009.

"We put it on the shelf because it was new and innovative, and from there it snowballed," says Brett Pontoni, Binny's specialty spirits buyer. "It's a cream liqueur, but they did a good job of reaching out beyond the category."

Soon, Maas couldn't keep up with demand, and after the sweet tippie's cameo appearance on the TV series *Entourage* in 2011, some stores had to limit customers to one bottle per visit. Drinkers found plenty of uses for RumChata, and the brand's website now lists more than 125 recipes, including pumpkin-spice muffins and sweet potato casserole. In November, RumChata will be one of the sponsors—along with Domino sugar—of America's Baking and Sweets Show in Chicago. "It's really caught on with mainstream Americans who were not particularly aware of horchata," Radius's Louis says. "Cinnamon and dairy are familiar flavors for them, and RumChata taps that."

The drink also simplifies home cocktail making, says Eden Laurin, managing partner of the Violet Hour, a cocktail bar in Chicago's hip Wicker Park neighborhood. Drinks with more than three ingredients are confusing to make, Laurin says, so having one spirit with several flavors is appealing. "It cuts out a step by already having cream, spice, and rum combined in pleasant ratios," says Rebecca Gomez Farrell, a food and drink blogger in California.

Imitators have emerged. Maas filed suit in 2012 against Louisiana distiller **Sazerac** over its Chila 'Orchata drink, saying it infringed on his trademark on "Chata." The parties settled last year, and terms were not disclosed. Beam

Companies/Industries

Suntory introduced Cruzan Velvet Cinn, which has a higher alcohol content than RumChata, and Baileys rolled out a vanilla-cinnamon variety in 2013.

So far the competition hasn't damped RumChata's sales, which have jumped 29 percent over the past year, to \$29 million (not including sales in bars and clubs), according to market researcher IRI. Sales of Baileys are unchanged at \$69 million, and sales of Kahlúa, another creamy liqueur, made by France's **Pernod Ricard**, have declined 3 percent, to \$40 million. "There are a lot of products that have a big bounce at first," Pontoni, the spirits buyer, says. "You know you have something when that bounce does not slow down." —Matthew Boyle

The bottom line Most cream liqueurs draw female customers, but 47 percent of RumChata drinkers are men.

Luxury

The Billions Hiding In Your Closet

► Secondhand luxury sites are drawing buyers and sellers

► We're in an era where "we enjoy stuff, use it, and let it go"

Two years ago, Marie Green, a San Diego fashion stylist, was running out of closet space. She was spending \$12,000 to \$20,000 a year on high-end clothing, handbags, and shoes—but couldn't wear it all. Then she discovered the **RealReal**, an online reseller of luxury clothing and accessories. "It

literally changed my life," says Green, who's sold more than \$50,000 of merchandise on the site and does much of her shopping there. Last year she bought a limited-edition Louis Vuitton handbag for \$1,495,

£10_b

Estimated value of clothing British women own but no longer wear

about half the retail price. Green says she now spends from \$6,000 to \$10,000 a year on high-end clothing. "It's a constant edit for my closet," she says.

Sales of pre-owned luxury goods are soaring as the RealReal, Paris-based ►

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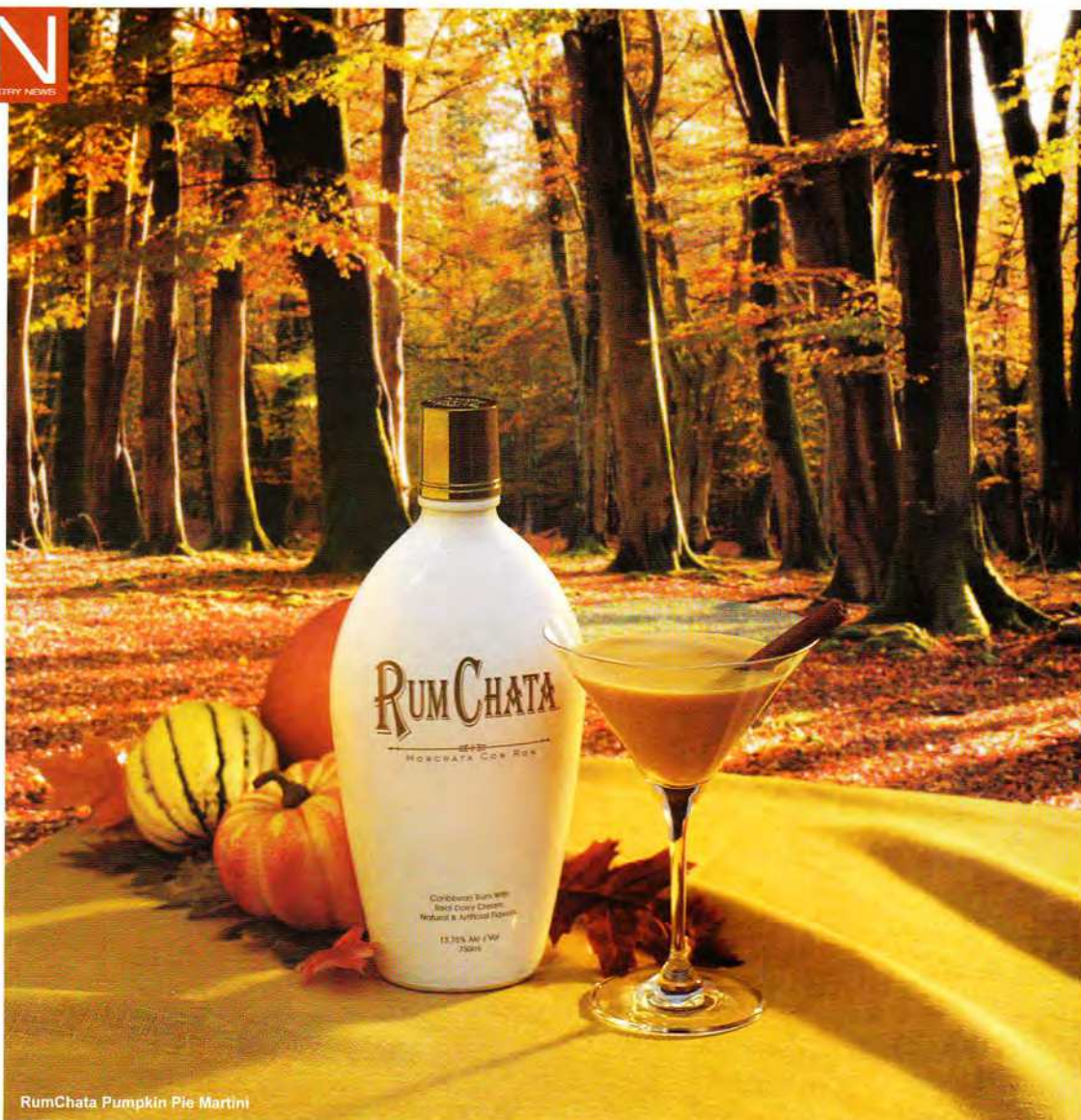
BEVERAGE INDUSTRY NEWS

RUMCHATA MAKES A SPLASH IN THE CREAM LIQUEUR CATEGORY



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RumChata Pumpkin Pie Martini

RICH AND CREAMY LEADS THE WAY

RUMCHATA MAKES A SPLASH IN THE CREAM LIQUEUR CATEGORY

By Francine Cohen

What happens when you take the cultural inspirations of a beloved traditional Mexican beverage, layer on top of that inspiration the easy mixability of smooth Caribbean rum and shake it up with rich American dairy cream? You end up with the newest brand that's storming the cream liqueur category and giving bartenders something new to reach for as they prepare almost any recipe that calls for a cream liqueur...you've got RumChata. This lush, easy to pair new spirit is creating a firestorm of passion and excitement across the board from bartenders and consumers alike.

In an article which ran around the holidays last year Shanken Daily News focused on the cream liqueur category at its traditional high point selling season and shared some interesting statistics as they revealed, "That spirits subcategory was one of the biggest growers in the U.S. market last year, rising by 10% to 3.14 million cases, according to Impact Databank. However, nearly all of the top-selling cream liqueurs—including Baileys, E&J Cask & Cream, Carolans, St. Brendan's and Emmets, among others—have either declined or achieved only modest advances of late. In fact, nearly all of cream liqueurs' recent growth has come from a single brand—RumChata, a 13.5%-abv horchata-style offering marketed by Agave Loco Brands. And that upstart brand, which retails for around \$20 a 750-ml., has continued charging full-speed ahead as 2013 comes to a close."

Tom Maas, RumChata founder and Master Blender, couldn't be more proud of these numbers and the impact that his brand is having on the category. He comments on the past history of cream liqueurs and how RumChata is succeeding in moving the category needle forward, "The cream liqueur category is stagnant if you take out the growth and excitement created by RumChata. The category needs true innovation and that is what we brought to the table. We have just started to have an impact across the country and we see our business doubling within the next three years as our distribution keeps improving."

Broadening distribution has visibly paid off for RumChata. They wrapped 2010 having racked up sales numbers of 17,000 cases. Not too shabby for a cream liqueur in their first year of business. The next year, 2011, demand was suitably strong enough to more than triple sales for year two as 65,000 cases were sold. Year three proved to be an even bigger success as sales grew six-fold to 365,000 cases going out the door. And now they have just shipped their millionth case.

How did they grow so big, so fast? By doing things the old fashioned way that has proved successful for every notable businessman since the model T was invented- find a need and fill it. Maas explains the origins, "RumChata came about by trying to get the wonderful taste of the best horchata

into an alcoholic beverage. We originally were targeting Mexican restaurants as the most logical choice to introduce the brand. We thought that people that knew the taste of horchata would be intrigued into trying the product."

"RumChata came about by trying to get the wonderful taste of the best horchata into an alcoholic beverage. We originally were targeting Mexican restaurants as the most logical choice to introduce the brand. We thought that people that knew the taste of horchata would be intrigued into trying the product."

Horchata's mass appeal was familiar to

Maas as he had worked with it previously, fashioning it as an RTD. He notes, "I had worked on a non-alcoholic version of horchata as a ready-to-drink beverage for a few years and developed the killer formula for an alcohol version of horchata along the way. A business partner of mine had the idea for a beverage named RumChata because he thought it was a cool name. We actually had the name well before the product was developed. We had incurred several years of expenses while marketing the ready-to-drink horchata and developing the RumChata formula. I had entertained selling off the RumChata formula and brand to pay down some of our debt. My wife talked me out of it due to the fact that everyone who sampled the finished RumChata formula in my kitchen and loved the product and the unique flavor." And so, with his wife's blessing, this take-off hit of a liqueur was born. Like many entrepreneurs Maas counted on the opinions of friends to support his belief that he had the right formulation. Unlike many entrepreneurs, Maas' friends were on target, not just "yes" men, and the drinks world has benefitted greatly. Maas attributes RumChata to just two simple reasons- tremendous drink ability and





mix ability. He elaborates, "It is a totally unique flavor that people are embracing. The flavor of the best horchata they have ever tasted. All we had to do was get them to try it."

They are trying it in spades. RumChata is available in well over 5,000 off-premise locations in California and the number is almost as high for their on-premise business, with more coming as they further expand throughout California. Nationally, RumChata is in more than 30,000 off-premise accounts. While 40% of RumChata consumption is straight or on the rocks Maas attributes their strong presence in bars and restaurants to the attention he and his team gave to recipe development. They knew that cream liqueurs can stymie a bartender and that was something he wanted to avoid.

RumChata sales guys don't just drop off bottles and say, "Here you go." Instead there is account support with recipe ideas that show off the versatility of the liqueur. Maas shares, "The trade loves it because we have given them several hundred recipes

and ways to drink it. We seeded a ton of new recipes originally to get the brand moving but now the majority of the new recipes have come to us through our social media platforms and all we had to do was repost the information. For example -- we recently received a post of a recipe for Crock Pot Banana Bread that is absolutely fantastic. When we reposted the recipe we had several hundred thousand people seeing the recipe and learning about our brand."

He continues, "Shot and shooter bars will mix RumChata as one of our cereal shooters that taste similar to nostalgic tastes of breakfast cereals from the past. Honey Nut O' is RumChata with Jack Daniels Honey, Loopy Fruits is RumChata with Loopy Vodka, Cinnamon Toast is RumChata with cinnamon whisky, and the list goes on."

Shots and shooter bars aren't the only ones serving up plenty of RumChata. Casual dining from coast to coast are finding plenty of ways to move product; from Burt & Max's Bar & Grill in Delray Beach,

Florida where the Cinna-Bun Martini sits on the dessert menu to other casual dining restaurants which sell everything from Tiramisu Martinis, hot chocolate and RumChata and Coffee. Maas notes, "They are also putting our RumChata French Toast on their brunch menu. Mexican restaurants are using it for Horchata Martinis and Mexican Coffee and Italian restaurants are featuring it as a Lemon Cake (Limoncello and RumChata). Many bars have found that a frozen RumChata Colada makes the smoothest Piña Colada they have ever tasted due to the smooth creamy taste of RumChata.

In addition, bars in the US Virgin Islands are selling a frozen banana drink with bananas, RumChata and cinnamon whisky which tastes like a great Bananas Foster. Our favorite frozen drink is RumChata by Elvis made with RumChata, rum, peanut butter, banana and chocolate ice cream."

Not to be left out, fine dining restaurants are also finding a place for it in their inventory. Maas shares, "Fine dining is using it in a Bourbon Cream, which has the finest



RumChata French Toast



RumChata Berries

bourbon and RumChata on the rocks."

All these options have led to Maas proudly sharing this story, "A bartender coined the phrase 'RumChata is the bartender's best friend' at the Night Club and Bar show in 2011, and we think that says it all."

Well, maybe not all...there's also the other versatility factor--RumChata can go from the expected cold weather applications like a hot chocolate to iced coffee and root beer floats as the days and nights get warmer.

All of these options inspire unique drink creation which Maas encourages. He says, "They [bartenders] can use their creativity and get a little help from our recipes to create unique and flavorful drink experiences for their customers. We are supporting RumChata with more than \$2.9 million in advertising support for the last quarter of this year and whatever they promote with RumChata will be top of mind with their customers."

Even customers who aren't at the bar; diners are getting in on the RumChata craze too as Maas has seen some chefs reaching for the RumChata bottle to enhance some of their favorite menu items. He notes, "RumChata French Toast is getting on many restaurant brunch menus. We have had a RumChata Macadamia crusted Halibut. RumChata and berries is a fantastic dessert item -- 1 oz. of RumChata over a cup of fresh mixed berries."

That perfect pairing of berries and

RumChata works because of the quality of the dairy cream Maas chose to use. It is just one reason why this premium product sells so well. Another is savvy pricing for a quality product. RumChata's rapid success is a boon for the industry as a whole. RumChata has maintained premium pricing and price integrity so that everyone can make a fair profit on a very hot brand. Maas says, "Smart vendors are featuring RumChata both on menus and on shelves and are reaping the benefits. In fact, our one million cases represents more than \$420 million in revenue generated for on and off-premise retailers combined, and best of all, we calculate that over \$45 million in bar staff tips have been generated by the brand in the past four and a half years."

All that revenue doesn't just go back into the company's coffers. RumChata is committed to giving back to those who have given of themselves. Maas and his partners feel strongly that they been blessed with a fantastically successful brand and are committed to sharing their good fortune with those that are in need. RumChata gives to a variety of charitable organizations but are especially proud of their association with the Lone Survivor veterans organization because they recognize veterans who have done so much for our country.

California retailers and bartenders who give so much to support the spirits industry will soon reap similar rewards as their colleagues elsewhere in the country now

that RumChata is in market. California is a target rich environment for a key RumChata demographic-- young adults. As a whole RumChata fans seem to be uniquely much more engaged than other liquor brands and the brand capitalizes on that with leveraging brand education via YouTube videos showing many ways to enjoy RumChata. In August alone these videos had 3.5 million views.

RumChata's social media breeds fanatical consumers who are looking for all the great recipes and drink ideas that can then be promoted in the bars and restaurants. Fanatical consumers are a profitable source of revenue to an account that features RumChata. Maas concludes, "Just let the customers know you have it and they will order it in droves."

RUM CHATA.
HORCHATA CON RON

EXHIBIT 9

MIX IT UP  SPIRITED TREND

RUMCHATA Is Shaking Things Up

Mixin' Up Milkshakes!

RumChata is a Caribbean rum cream capturing the authentic flavors of traditional Mexican horchata and has become a must have behind the bar. Along with inspiring cocktails like the Snickerdoodle and the Rootbeer Float, RumChata is now mixin' up milkshakes. The adult milkshake craze is in full force this summer and RumChata is taking the lead as the perfect ingredient for this nostalgic American favorite.

"Summertime is RumChata time," said Tom Maas, RumChata master blender and founder. "RumChata's real flavor and fresh cream blend perfectly with traditional summer favorites like adult milkshakes, iced coffee and ohio calades."

MUST MIX
**RUMCHATA
BY ELVIS**

INGREDIENTS
4 Parts RumChata
1 1/2 Parts Spiced Rum
1/2 Part Banana Liqueur
1 Tsp. Peanut Butter
1/2 Banana
1 Scoop Vanilla Ice Cream or
1/3 Cup of ice

PREPARATION
Combine all ingredients in blender. Blend until consistency is smooth. Pour into tall glass. Thank you. Thank you very much.



58 CHILLED MAGAZINE

Anthony Dias Blue Reviews – April 2013



92 RumChata Rum Cream, USA (\$25) Ecru color with lovely vanilla and almond aromas; smooth and lush with vanilla, creamy and mellow spice with lush almond and sweet vanilla; rich, balanced and lovely in an eggnog way; lovely and delicious.

AGAVE LOCO

MARKET INTELLIGENCE ON WINE, SPIRITS AND BEER

MARKET WATCH

APRIL 2013

hot brands

crenitas toka



The liqueurs category has seen challenges over the last few years, competing for market share flavored vodkas, rums and whiskies. But two brands on the list have been innovative enough to grow amid an unsteady market. **RumChata (\$19.95 a 750-ml. bottle) ended the year as one of the hottest brands in the U.S. spirits market.** Produced and bottled by Agave Loco Brands, the 13.8-percent abv spirit is a mix of five-times-distilled Caribbean rum and Wisconsin dairy cream. The brand multiplied its 2011 volume nearly six times for a total of roughly 365,000 cases last year, according to Impact Databank.



THE WASHINGTON PANEL MAGAZINE

MILLENNIAL MOVER: RumChata Rum Cream

This Rum Cream is crafted with premium rum imported from the Caribbean and the same ingredients used to make traditional horchata—real dairy cream, rice, vanilla and cinnamon. Although featured in many delicious cocktails or mixed drinks, RumChata also tastes marvelous wearing nothing but a slight chill. It can also find uses in the Millennial kitchen; try adding a quarter cup of RumChata to your favorite French toast recipe for a wake-up sensation.

We've raved about RumChata in these pages before, noting its luxuriously tongue-coating satin texture and its rich notes of cinnamon and vanilla. The certified gluten-free product needs no refrigeration after opening. The cream has been homogenized with the rum and the alcohol acts as a preservative. Despite its creamy, rich flavor, RumChata contains no trans fat, giving it a guilt-free groove.

"RumChata delivers on expectations of great flavor and quality to Millennials, as well as the appreciation for a one-of-a-kind spirit," says Tom Maas, RumChata Founder and Master Blender. "Discovering RumChata becomes a unique experience that they're excited about sharing with friends."

www.rumchata.com

*** Houston Chronicle | houstonchronicle.com and chron.com | Wednesday, March 13, 2013 | F3

HOUSTON CHRONICLE

FLAVOR

SPIRITS

Cheers to the luck o' the Irish

By Greg Morago

You don't need the luck of the Irish to score a nice tipple on St. Patrick's Day. The Irish holiday is traditionally awash in all types of alcohol — from beer to whiskey to wine. Actually, any spirit can be colored green or given a leprechaun's twist to turn it into a St. Patrick's Day drink. It's a day when everyone finds a high-octane pot at the end of the rainbow.

ggreg.morago@chron.com



Mint Choco-Chata Martini

Ounces RumChata cream liqueur
1 ounce chocolate vodka
1/2 ounce crème de menthe

Instructions: Pour ingredients in a shaker filled with ice. Shake and strain into a martini glass. Garnish with chocolate shavings.

About.com Cocktails

Cocktails Popular Drinks Bartending Cocktail Culture

See More About: [readers choice awards](#) [liquors](#) [popular brands of alcohol](#) [liquor reviews](#)

Winner for the Best Liqueur

2013 About.com Readers' Choice Awards

You nominated, you voted, and the results are in for best [liqueur](#) in the [About.com Readers' Choice Awards](#).

The winner is: **RumChata Cream Liqueur**

Wisconsin dairy cream is the base for this cream liqueur that is inspired by horchata. It is flavored with cinnamon, vanilla, and other herbs, which add interest to the creamy base.

Now it is time to celebrate with one of RumChata's cocktails. Try the [Mint Choco-Chata Martini](#).

[Visit their website](#)
[More about RumChata...](#)



San Antonio Express-News

Mint ChocoChata Martini

Updated 10:39 am, Thursday, March 7, 2013



Mint ChocoChata Martini for St. Patrick's Day.

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Pinch me: Looking for a lucky green libation instead of green beer to celebrate this St. Patrick's Day? Mix a Mint ChocoChata Martini at home with RumChata.

The twist: RumChata is basically horchata with Caribbean rum that's homogenized with the best dairy cream from Wisconsin. For the cocktail, the crème de menthe adds a mint flavor and green coloring. Learn more at <http://rumchata.com>.

[Jennifer McInnis](#)

The recipe

Makes 1 serving

2 ounces RumChata

1 ounce chocolate vodka

1/2 ounce green crème de menthe

Instructions: Shake RumChata, chocolate vodka and green crème de menthe with ice and strain into martini glass or swirl ingredients into a shot glass.

From RumChata

The 10 Fastest Growing Spirits Brands
Ranked by Percentage Increase in Volume in 2011 vs. 2012
(000s of 9-liter cases)

Rank	Brand	Category/Segment	Supplier	2012 Volume	% Change
1.	RumChata	Cordial/Liqueur- Imported	Agave Loco Brands	365	470.3%
2.	Coulsons	Vodka-USA	Sazerac	150	172.7
3.	New Amsterdam	Vodka-USA	E & J Gallo Winery	900	157.1
4.	Zarco	Tequila	Proximo Spirits	125	150.0
5.	Exclusiv	Vodka-Imported	Serge Imports	250	138.1
6.	Bacardi Oakheart	Rum	Bacardi USA	148	85.0
7.	Cupcake	Vodka-USA	Underdog Wine & Spirits	170	70.0
8.	Fireball Cinnamon Whisky	Cordial/Liqueur- Imported	Sazerac	300	66.7
9.	Jack Daniels Tennessee Honey	Cordial/Liqueur-USA	Brown-Forman Beverages	464	66.3
10.	Ciroc	Vodka-Imported	Diageo	2,050	51.9

Source: 2013 Technomic Spirits TAB Report



RumChata liqueur reaches one million case mark

RUMCHATA CREAM LIQUEUR | FEBRUARY 19, 2013 | BY: ROBERT BURR | + Subscribe



ADVANCED MIXOLOGY SPIRITED TRENDS

RumChata

The Talk of the Town

RUMCHATA, A HORCHATA INSPIRED CARIBBEAN RUM CREAM, MADE WITH REAL WISCONSIN CREAM, VANILLA, CINNAMON AND SPICES FROM AROUND THE WORLD, HAS BECOME A SENSATION WITH BARTENDERS AND BAR-GOERS ALIKE. THE UNIQUE SPIRIT, CREATED BY MASTER BLENDER THOMAS MAAS, HAS QUICKLY HIT MUST-HAVE STATUS WITH MORE THAN FIVE MILLION BOTTLES SOLD JUST LAST YEAR.

WHILE THE AWARD WINNING RUMCHATA TASTES DELICIOUS AS A CHILLED SHOT, FANS AVIDLY MIX RUMCHATA, CREATING INCREDIBLY UNIQUE FLAVOR PROFILES. BEYOND THE SIMPLEST APPLICATIONS, LIKE ADDING TO COFFEE AND HOT COCOA OR MIXING AN EQUAL AMOUNT WITH CAPTAIN MORGAN SPICED RUM FOR DISTINCT COCKTAILS, RUMCHATA LENDS ITSELF SO EASILY TO MIXOLOGY THE POSSIBILITIES ARE ENDLESS. ENTHUSIASTIC FANS MIX IT WITH A&W ROOT BEER, YOO-HOO, CHAMBORD FOR A LIQUID JELLY DOUGHNUT OR POUR IT OVER VANILLA ICE CREAM. OF COURSE DEVOTED FOLLOWERS DON'T STOP AT DRINKING RUMCHATA, THEY HAVE DISCOVERED ITS GREAT FLAVOR IN MANY DELICIOUS FOOD RECIPES.

YOU GOTTA RUMCHATA!



The liqueurs category has seen challenges over the past few years, competing with flavors in vodka, rum and lately even whisk(e)y for market share and growth. But two brands on the list have managed to be innovative enough to overcome and prosper amid an unsteady market. RumChata ended the year as one of the hottest brands in the U.S. spirits market. The 13.8%-abv RumChata (\$19.95 per 750-ml.) is a mix of five-times distilled Caribbean rum and Wisconsin dairy cream, produced and bottled by Agave Loco Brands. The brand's ver-

About.com Cocktails

Cocktails Popular Drinks Bartending Cocktail Culture

RumChata Mint ChocoChata Martini

From RumChata



RumChata Mint ChocoChata Martini
Photo Courtesy: @ RumChata

See More About

- vodka cocktails
- green cocktails
- original cocktails
- dessert cocktails

- 1 part chocolate vodka
- 1/2 part green creme de menthe

Preparation:

- Pour the ingredients into a cocktail shaker filled with ice.
- Shake well.
- Strain into a chilled cocktail glass.

To make a shooter:

Swirl the ingredients in a chilled shot glass and serve.

Here we have a delicate dessert cocktail that is very tempting and nicely balanced. It comes to us from RumChata, a popular cream liqueur that is excellent in a variety of cocktails and won the 2013 About.com Readers' Choice Awards for Best Liqueur.

This stunning green cocktail is quite simple, made of RumChata, your favorite chocolate vodka, and green creme de menthe. By using a vodka for the chocolate flavoring it breaks up the creaminess that is often too overbearing in many similar chocolate-mint-cream drinks you will find.

Prep Time: 3 minutes

Total Time: 3 minutes

Yield: 1 Cocktail

Ingredients:

- 2 parts RumChata Cream Liqueur



Review: Rum Chata – Horchata Con Ron

The cream liqueur category isn't one where we typically see much excitement. Legacy brands like Bailey's Irish Cream have a bevy of flavor offerings and stylish new packaging, but tend to get very little fanfare or excitement. The tough thing about these cream liqueurs is that they are often fairly thick, sweet, and tough to drink neat. Cream liqueurs have been billed as something you can keep on your liqueur shelf and don't need refrigeration, but are infinitely better chilled. One of the reasons they are so prevalent is that their alcohol levels are often low enough that they can be sold in grocery stores that also sell beer and wine. The category got a major boost a couple of years ago with the introduction of **Rum Chata** (Horchata Con Ron). Although it is technically a cream liqueur, Rum Chata has a much more contemporary feel to it. The secret to Rum Chata's success is in its simplicity: Rum Chata tastes like really good horchata, and at 13.75% ABV/ 27.5 proof, the rum doesn't leap out of the glass, making it a perfect choice for someone who wants something decadent to drink but doesn't want to get slapped across the face with alcohol.

BRANDPROFILE

BEVERAGE MEDIA GROUP



Shake Up Summer with RumChata

The Brand has a Seasonal Focus on Mixability and Adult Milkshakes

BY CARA McILWAINE

The flagship product for Agave Loco Brands is RumChata, a blend of the creamy beverage horchata mixed with high quality Caribbean rum. Since RumChata entered the scene a few years ago, it's been a grassroots sensation, carving out a niche in the cream liqueur category. "First quarter sales were up 70% over 2012," says Tom Maas, RumChata founder and master blender. Originating in ancient Egypt, horchata made its way to Spain and eventually to the Americas, where it is made most often with rice and milk or water. RumChata uses real dairy cream from Wisconsin and is flavored with cinnamon and vanilla.

Aiming to continue the brand's momentum, a new trade campaign aims to show how well RumChata works in summertime drinks. "We are trying to get the trade to understand that RumChata sells very well during hot months as it is lighter than your average cream liqueur," says Maas. (The ABV is 13.75% and a 1.5 oz. serving is 140 calories).

One fun way the brand is activating for summer enjoyment is with adult milkshake recipes. "RumChata adult milkshakes like the Strawberry Chata™ Shake and RumChata by Elvis are highlighted in all of our summer advertising," says Tom. The RumChata sales and distributor sales

teams have already been engaging with on-premise accounts "to put together RumChata adult milkshake and summer drink specials around the country."

Bartender's Bestie

Maas shares that RumChata is sometimes referred to as the "bartender's best friend" because the liqueur mixes so well with a variety of products, from root beer and coffee to flavored vodkas and premium bourbon. "It comes down to its perfectly blended real flavors," Maas adds. RumChata is made with cream, it will curdle when mixed with anything that is highly acidic like fruit juices. But Maas says no cause for concern; one tip to mitigate that effect is to pour the mixer over ice first and then let it cool before adding RumChata.

Fans of RumChata ask for it by its full name or just "Chata" at bars across the country and bartenders and mix-

ologists are responding creatively. Maas says, "At the Grid in Chicago, they are serving a RumChata Cereal Shooters Flight. The popular flight includes RumChata shooters with flavors that taste like Froot Loops, Cinnamon Toast Crunch and Cocoa Puffs." There are some clever YouTube fans who have filmed themselves trying RumChata with their cereal instead of milk too.

Long Shelf Life

Though cream-based, RumChata does not require refrigeration, because, as Tom Maas explains, "The cream has been homogenized with the rum and the alcohol acts as a preservative." An unopened bottle can last years if stored between 50-80 degrees F; opened RumChata can be kept at room temperature for over six months. But Maas admits, "We are confident that if you try one of our more than 100 recipes online your bottle will not last longer than a single visit with a few good friends."

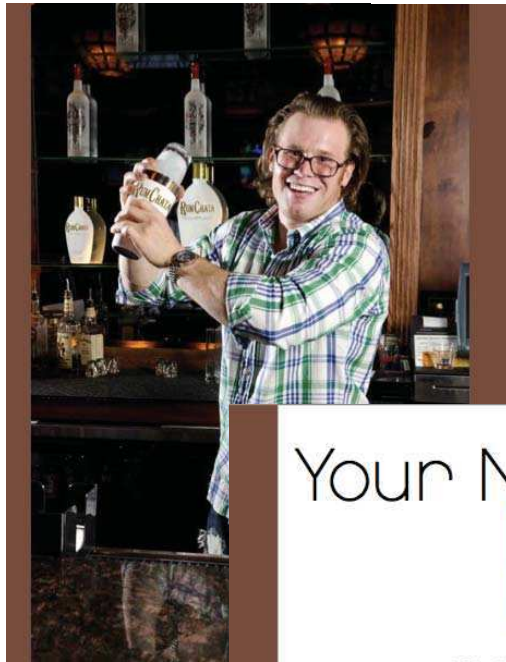
The summer is proving very busy for RumChata, as Agave Loco aims to expand distribution and promote RumChata summer cocktails and adult milkshakes. Additionally, the brand is providing on-site sponsorship of popular Chicago music series, The Ravinia Music Festival. ■

STRAWBERRY CHATA™ SHAKE

- 1 part RumChata
- 1 part ice cream
- 1 part frozen strawberries
- 1/2 part rum
- 1 part ice

Blend until smooth.
Pour into milkshake glass.





especially well with super-premium bourbons. The fact is: RumChata is an innovative product with unlimited creative potential behind the bar.

"The mixability of RumChata comes down to its perfectly blended real flavors," contends Maas. "There are no substitutes for RumChata's freshest, highest quality ingredients when it comes to preparing a cocktail that, when tasted, becomes a delicious, memorable experience." The company's Master Mixologist Nick Maas enthusiastically agrees. "I've heard RumChata referred to as the 'bartender's best friend' because of its tremendous mixability." (See sidebar)

Recently the younger Maas worked with the staff at John Barleycorn River North, a popular restaurant near downtown Chicago. The objective was to introduce a selection of tantalizing RumChata specialties to add to the bar's drink menu. "We were looking to create drinks in several fun and well-received

Your New BFF

RUMCHATA IS SKYWARD BOUND

by Robert Pioskin / photos by Jay Schroeder

If you haven't tasted RumChata Rum Cream, you may well be the last person in America who hasn't. In a category historically dominated by Irish cream, RumChata is something of a phenomenon. The numbers don't lie: This past February the brand surpassed the 6 million bottles sold mark, an achievement it accomplished in just over three years. A rare feat, especially for a cream liqueur.



Master Blender Thomas Maas.

The brainschild of master blender Thomas Maas, RumChata is skillfully crafted with a base of five-times distilled premium rum imported from the Caribbean and the same flavors used to make traditional horchata—namely real dairy cream, vanilla, cinnamon and a proprietary mix of other real spices sourced from all over the world. The fresh ingredients are homogenized to ensure they don't separate and that their flavors become fully integrated.

"It's such a thrill to observe people drink RumChata for the first time and witness the look on their faces when they discover a flavor they never experienced before," says Maas. "Those 'oh wow' moments are priceless and the reason why RumChata sales are up more than seventy percent over last year."

Oh wow indeed: Our very own Anthony Data Blue agrees that RumChata tastes great. In the April issue of THE TASTING PANEL, Blue rated the liqueur a 92 saying "Extra color, smooth and creamy with mellow spice and lush almond and sweet vanilla, rich, balanced and lovely in an egg Nog very delicious."

The Bartender's Best Friend

If you can't have fun behind the bar with a bottle of RumChata, perhaps you're no longer "breathing." RumChata has quickly risen to "call brand" status, with fans asking bartenders for RumChata by name or simply asking for "Chata."

Fabulous blended in coffee, espresso or cappuccino, the rum cream also marries beautifully with all types of spirit like flavored vodkas, honey bourbons and

Sweet Inspiration

Having worked with the brand since its inception, Master Mixologist Nick Maas knows his RumChata. "I started working in 2008, packing and shipping the product, and then worked my way up." This familiarity with the company, combined with his experience as a bartender in college, gave Maas the ability to easily connect with accounts. Take, for example, John Barleycorn River North. "Those guys really embraced RumChata early and they don't mind when I come in and exchange ideas with them," says Maas. "That conversation between the accounts and me is vital."

So, after all these years, where does Maas draw inspiration for his new, scrumptious creations? "We really listen to our customers," says Maas. "Actually, the idea for the cereal shooters originally came from customer feedback on our website." However, Maas definitely keeps the accounts in mind, as well. "Simplicity is always my goal. RumChata gives bartenders an easy, simple tool for mixing straightforward, delicious drinks."

Maas also draws on his past as a muse for "flavor combinations." "I worked at an ice cream store in high school and used to play around mixing different flavors when the place was empty." (Now that explains where the idea for those adult milkshakes came from!) "I especially loved trying out mint with other flavors, so the Shamrock holds a special place in my heart. You can't get more inspired than a RumChata milkshake—there's so much room for creativity!" —Bryenne DeMure



RumChata Salted Caramel Martini

- 2 oz. RumChata
- 1 oz. caramel vodka
- Sss salt or bss salt (ss not esse margarita salt)

► First Martini glasses with salt. Last water, not lime juice. Shake ingredients into salted martini glass.



RumChata Shamrock

- 2 oz. RumChata
- 3-4 scoops ice cream
- 1/2 cup ice
- 1 oz. Crème de Menthe
- 1 oz. Jamberry

► Combine all ingredients in a blender. Blend until consistency is smooth. Pour into tall glass.

Yakima

MAGAZINE

Happy Hour: "Rumchatta Tea"

by Robin Salts Beckett on Jun 25, 2013



One of Creekside West's "Rumchatta" drinks melts slowly over ice.

Recently one of my coworkers, Jeff Garretson, was going bonkers – BONKERS! – over a new drink he discovered at Creekside West. It's called a "Rumchatta Tea," a play on the words "rum" and "horchata," a sweet drink often made with rice and milk. At Creekside, the drink includes Rum Chata liqueur, sweet tea vodka and iced tea.

Duty called. I had to go investigate.

My sidekick for these types of "cocktail reconnaissance" missions, Karri, joined me in Creekside's bar one evening a few weeks ago. I was late leaving the office, so she had ordered truffled popcorn (hello), which is a menu item you don't see around here too often. (It's definitely worth the order.)

The Rumchatta Tea was sweet, creamy and cold...dare I say refreshing. Just as I was thinking to myself, "Gee, better not have too much of this," the server came around with a Kahlua version. I could add Kahlua to anything – I just recently added it to my tacos. Now I know what Jeff was so bonkers about – delicious!

Creekside West is located at 4000 West Creekside Loop in Yakima. Happy hour is from 4-6 p.m., Monday through Friday.



Strawberry Rum Cream Milkshake

May 29, 2013

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Yield: 1 serving

- 1 part Caribbean rum cream liqueur (such as RumChata)
- 1 part ice cream
- 1 part frozen strawberries
- 1/2 part rum
- 1 part ice

Combine ingredients in a blender and blend until smooth. Pour into a milkshake glass.

Recipe and photo courtesy of RumChata

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Surging New Segment

Fireball, Regal Apple Propelling Fast-Rising Flavored Whiskies

THERE ARE HOT SPIRITS CATEGORIES, AND then there's flavored whisk(e)y. The burgeoning segment's advance has been nothing short of phenomenal in recent years, and—catapulted by brands like Fireball and Crown Royal Regal Apple—flavored whisk(e)y is on fire heading into the 2015 holiday season. Flavored whisk(e)y grew by 50.4% to about 6.3 million cases in 2014, according to IMPACT DATABANK, and has expanded more than four-fold since 2011. Among flavored whisk(e)y's top 10 brands in the U.S., all posted volume increases last year, while all but one achieved a double- or triple-digit advance.

Sazerac's Fireball (33% abv, \$16-\$18 a 750-ml.) dominated the segment with a 62% share of flavored whisk(e)y's 2014 U.S. volume total at just under 4 million cases. The Canadian whisky-infused, cinnamon-flavored liqueur started to emerge in 2010, when it sold 125,000 cases in the U.S. It then became an on-premise favorite for the shot occasion and saw years of double- and triple-digit growth before last year's 65.5% expansion. Sensing a major category trend for cinnamon-flavored whisk(e)y-based liqueurs, a number of brands have since debuted with similar flavor profiles, **page 10 >>>**

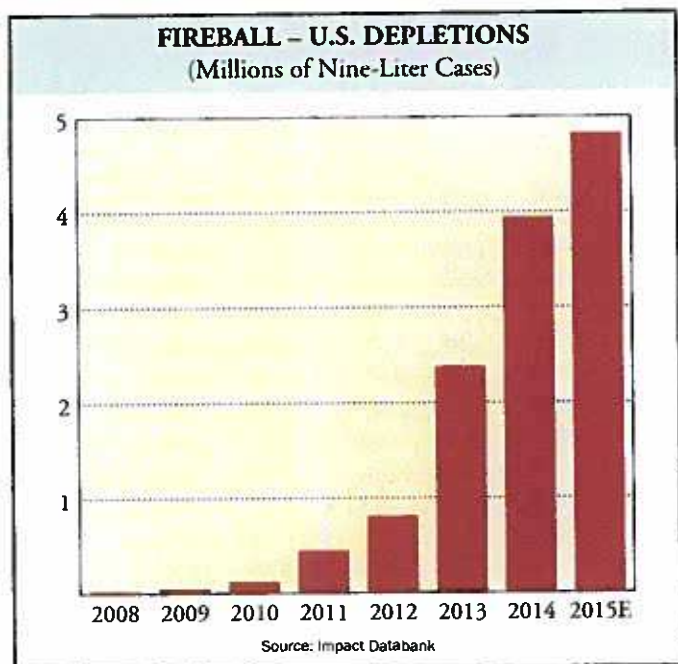
Market Report

Premiumization Expanding In India

FOR ALL THE TALK ABOUT THE SLOWDOWN OCCURRING IN THE WORLD'S DEVELOPING economies, India, second only to China in terms of population, continues to show dynamic premiumization across its drinks market. While GDP growth in the nation of 1.25 billion has indeed slowed slightly in recent years, the World Bank forecasts a rise of 7.5% for 2015—a pace only marginally behind the roughly 8% annual rate achieved from 2006-2010—and an acceleration over the next two years. According to IMPACT DATABANK, India's overall beverage alcohol volume picked up significantly in 2014, with the beer (+3.5%), wine (+5.5%) and RTD (+7%) categories all demonstrating healthy growth. The spirits segment, which dominates the market, inched up 0.1% to 309 million nine-liter cases—but crucially, value progress continues to surge, advancing by an estimated 10%.

"While volume growth in the last two to three years was lower than historical rates, the positive news is the continued robust value growth," says Vijay Subramaniam, managing director, India and South East Asia for Bacardi. "This is being driven by premiumization in whisky, rum and vodka, as well as RTDs." Given the economic turbulence hobbling fellow BRIC nations Brazil, Russia and China lately, India's strategic importance to the world's top drinks companies is only increasing.

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Peach and cinnamon-flavored Fire expressions. Constellation-owned Black Velvet Canadian whisky's Toasted Caramel variant has shown strong upward momentum since its debut in 2012, when it grew to 25,000 cases. In 2014, the caramel-flavored offshoot (35% abv, \$12.50) grew 27.3% to blow past the 100,000-case mark in the U.S. Black Velvet's portfolio also includes Cinnamon Rush, which launched in 2013 as a shot option.

A star among top flavored whisk(e)y brands in 2014 was a Canadian newcomer from Diageo—Crown Royal Regal Apple. Following its launch in November 2014—after Diageo says it noticed the core Crown Royal was often served in a cocktail called the Washington Apple with De Kuyper Sour Apple Pucker Schnapps and cranberry juice—by year-end the apple-flavored whisky (35% abv, \$25) had depleted 129,000 cases in the U.S. Diageo chief executive Ivan Menezes told investors earlier this year that more than 1 million cases of Regal Apple had been shipped, with depletions nearing 900,000 cases.

Diageo says Regal Apple has found a strong following with consumers in California, Texas, Florida, Louisiana, South Carolina and Georgia—a pattern similar to the entire Crown Royal portfolio. “The core Crown Royal Regal Apple drinker is a social, multi-culturally diverse LDA adult who is open to flavored spirits across the category,” says Crown Royal brand director Matt Pechman. “We’ve seen this demographic grow to include not only new-to-the-category drinkers but also our loyal base for Crown Royal Deluxe.” Regal Apple joins Maple Finished in Crown Royal's flavored lineup. Maple, introduced in 2012, has struggled after a promising start.

It remains to be seen whether flavored whisk(e)y has staying power. But this much is certain: the category's run over the past few years has been as impressive as any in the history of the U.S. spirits market.

—Kimberly Carmichael

Liqueurs

Top Sellers Struggling Amid Changing Tastes

WITH A THRIVING COCKTAIL CULTURE RADIATING FROM key urban centers to more up-and-coming markets around the country, the U.S. liqueurs category is poised for strong growth going forward. But that potential hasn't helped a number of the category's longtime leaders, which are rapidly losing ground as consumers' tastes change and other brands and flavor profiles grow in popularity. De Kuyper, Jägermeister, Baileys Irish Cream, Southern Comfort, Kahlúa and Hiram Walker—the U.S. market's six largest liqueur brands by volume—all saw continued volume losses in 2014.

As evidence of a category in transition, the U.S. market's total cordial/liqueurs category fell by 3.9% last year to 19.1 million nine-liter case depletions, according to IMPACT DATABANK. The top 10 cordial/liqueur brands declined by a collective 4.1% in 2014 to sink below the 10-million-case mark for the first time in years, as eight of the top 10 brands were flat or declined. Aside from ninth-ranked Kinky Liqueur's 1.1% volume advance, the only other top liqueur brand showing growth was RumChata, which posted double-digit progress with the help of its tie-in to the burgeoning flavored whisk(e)y segment.

Cream Shakeup

Comprising 17% of the U.S. liqueurs market, the cream liqueur segment remains popular and in 2014 it grew 2% to 3.26 million cases. But the U.S. market's third-ranked liqueur brand, Baileys Original Irish Cream (17% abv, \$25), has been flat or down every year since 2007, and in 2014 sank a further 2% to about 1.3 million cases. To broaden its appeal, Diageo has added a range of flavors to the core variant and Baileys now offers Vanilla, Salted Caramel, Chocolate Cherry and Espresso Crème. The Irish cream brand remains the world's leading liqueur by volume with 6.2 million cases—2.5 million cases ahead of the world's second-ranked brand, De Kuyper. However, in 2014 it slipped 2% worldwide.

While cream liqueurs' longtime segment leader struggles, relative newcomer RumChata has made waves in the U.S. since its first full year on the market in 2010—when it reached 17,000 cases—and last year grew 17.4% to 540,000 cases. In 2015, Agave Loco says it expects RumChata (13.8% abv, \$19.95)—which is a mix of five-times distilled Caribbean rum and Wisconsin dairy cream—to top 600,000 cases in the U.S., but it also points to markets like Canada, Australia, England, Scotland, Northern Ireland and Mexico as key to the brand's continued expansion. “We still have a lot of upside available for RumChata's growth, with awareness levels with some consumers still less than half the levels of the industry's largest brands,” says RumChata founder and master blender Tom Maas. “For

U.S. – TOP 10 LIQUEUR BRANDS¹

(Thousands of Nine-Liter Case Depletions)

Rank	Brand	Company	Bottled In	2005	2010	2011	2012	2013	2014	Percent Change ¹ 2013-2014
1	De Kuiper	Beam Suntory	U.S.	2,780	2,445	2,435	2,380	2,255	2,175	-3.5%
2	Jägermeister ²	Sidney Frank Importing Co.	Germany	2,300	2,630	2,525	2,445	2,190	1,935	-11.6
3	Baileys	Diageo North America	Ireland	1,280	1,305	1,300	1,280	1,280	1,255	-2.0
4	Southern Comfort	Brown-Forman	U.S.	1,450	1,283	1,260	1,250	1,186	1,122	-5.4
5	Kahlúa	Pernod Ricard USA	Mexico	1,255	1,000	985	940	893	846	-5.3
6	Hiram Walker	Pernod Ricard USA	U.S.	1,015	890	885	880	827	786	-5.0
7	RumChata	Agave Loco Brands	U.S.	-	17	64	365	460	540	17.4
8	Grand Marnier	Moët Hennessy USA (LVMH)	France	530	473	483	485	487	487	*
9	Kinky	Prestige Wine & Spirits	U.S.	-	-	88	252	425	430	1.1
10	Di Saronno Amaretto	ILLVA Saronno USA	Italy	320	380	395	405	415	415	-
Total Top 10				10,930	10,423	10,420	10,682	10,419	9,991	-4.1
Other Brands				10,715	9,937	9,785	9,713	9,446	9,109	-3.6
Total Cordials/Liqueurs¹				21,645	20,360	20,205	20,395	19,865	19,100	-3.9%

* Less than 0.05%

¹ Excludes flavored whiskies.

² Categorized as a liqueur in the U.S. only.

³ Based on unrounded data.

Source: Impact Databank

U.S. – LEADING SUPER-PREMIUM LIQUEUR BRANDS (\$25 & OVER PER 750-ML.)

(Thousands of Nine-Liter Cases)

Brand	Importer	2011	2012	2013	2014	Percent Change 2013-2014
Grand Marnier	Moët Hennessy USA (LVMH)	483	485	487	487	*
Cointreau	Rémy Cointreau	220	225	232	240	3.4%
Romana Sambuca	Diageo North America	185	180	180	170	-5.6
Frangelico	Campari America	118	118	118	100	-15.3
St-Germain	Bacardi USA	54	78	91	99	9.0
Campari	Campari America	57	66	75	83	11.2
Chambord	Brown-Forman	84	80	76	74	-2.6
Drambuie	William Grant & Sons USA	69	69	61	62	1.6
B&B	Bacardi USA	58	55	57	53	-6.9
Domaine de Canton	Heaven Hill Brands	-	-	28	35	25.0
Total Leading Brands		1,328	1,356	1,405	1,403	-0.1%

* Less than 0.05%.

Source: Impact Databank

that reason, we're spending heavily in consumer advertising. We were the largest spirits advertiser in the U.S. in the fourth-quarter last year as reported by Nielsen AdViews. With our current media placements this year, we expect to be the largest spirit advertiser again in 2015."

RumChata's rapid rise has catapulted it past established cream liqueur brands in the U.S. like Carolans (+5.8% to 381,000 cases in 2014), St. Brendan's (flat at 145,000 cases), Emmets

(-4.5% to 105,000 cases) and E&J Cask & Cream (-14% to 370,000 cases). Another newer player in the cream liqueur segment is Agave Loco's Tippy Cow, which launched last February and achieved 52,000 cases in 2014. Featuring a lineup of the "old-fashioned" flavors Orange Cream, Chocolate, Vanilla Soft Serve and Shamrock Mint (all 14% abv, \$16.99), the Caribbean rum and Wisconsin dairy blends are packaged in traditional milk bottles for a nostalgic positioning.

LIQUEURS – TOP 10 BRANDS WORLDWIDE¹

(Millions of Nine-Liter Cases)

Rank	Brand	Company	Origin	2005	2010	2011	2012	2013	2014	Percent Change ³ 2013-2014
1	Baileys	Diageo	Ireland	6.8	6.7	6.7	6.5	6.4	6.2	-2.0%
2	De Kuyper	De Kuyper Royal Distillers	Netherlands	4.8	4.3	4.2	4.1	3.7	3.7	1.2
3	Lubelska	Stock Spirits Group	Poland	-	1.1	1.6	2.2	2.5	2.0	-17.0
4	Southern Comfort	Brown-Forman	U.S.	2.3	2.1	2.0	1.9	1.8	1.8	-3.3
5	Di Saronno Amaretto	ILLVA Saronno	Italy	1.7	1.7	1.6	1.6	1.6	1.6	-
6	Kahlúa	Pernod Ricard	Mexico	2.1	1.7	1.7	1.7	1.6	1.6	-2.6
7	Bols	Lucas Bols	Netherlands	1.2	1.4	1.5	1.5	1.5	1.5	1.0
8	Cointreau	Rémy Cointreau	France	1.3	1.2	1.3	1.3	1.3	1.3	3.5
9	Amarula	Distell Group	South Africa	0.8	1.2	1.2	1.2	1.3	1.3	-3.3
10	Choya	Choya Umushu Co.	Japan	1.8	1.8	1.7	1.5	1.3	1.2	-5.2
Total Top 10				21.1	23.2	23.4	23.5	23.0	22.3	-2.8
Other Brands				35.8	31.6	31.5	31.5	31.1	30.6	-1.3
Total Liqueurs^{1,2}				56.9	54.8	54.9	55.1	54.0	53.0	-2.0%

¹ Excludes flavored whiskies, bitters/aperitifs and anis/pastis.

² Addition of columns may not agree due to rounding.

³ Based on unrounded data.

Source: Impact Databank

Change Afoot

Many longtime category leaders have been shedding volume for years, and 2014 continued that downward trend for a number of top liqueur brands in the U.S. With an 11% U.S. category share, Beam Suntory's De Kuyper range is the largest in volume terms but was down a further 3.5% in 2014 to 2.2 million cases—marking an 11% decrease since 2010. Southern Comfort, Kahlúa and Hiram Walker all shed about 5% of their U.S. volumes in 2014.

Once the U.S. category leader, Jägermeister lost its top ranking in 2013 to De Kuyper when it lost more than 250,000 cases of its volume total. The German import has since fallen further and in 2014 dropped below the 2-million-case mark in the U.S. on an 11.6% volume decline. Over the past five years, Germany's Mast-Jägermeister has seen its flagship brand shed nearly 30% of its U.S. volume as a raft of new competitors like Fireball and other flavored whiskies have entered the on-premise shot occasion. Outside the U.S., where it's categorized as an aperitif/bitter brand, it maintains its number-one spot. However, after years of solid global growth despite its U.S. struggles, Jägermeister lost ground globally in 2015, as its total worldwide volume fell by around 400,000 cases.

In August, Mast-Jägermeister completed its acquisition of 100% of the stock of Jägermeister's U.S. importer Sidney Frank Importing Company (SFIC), which had imported the brand since 1974. Shortly after the acquisition, Mast-Jägermeister created a new dedicated marketing position for the herbal liqueur (35% abv, about \$23) within the SFIC subsidiary, with parent company veteran Marcus Thieme appointed chief marketing officer for Jägermeister. Earlier this month, SFIC tapped a new CEO, Jeffrey Popkin, to

replace the departing Lee Einsidler (*see page 26*). Seeking to revive interest among LDA-to-30-year-old Millennials in the on-premise, last month the company named famed mixologist Willy Shine as its new brand ambassador, with a focus on PR and education efforts and working with on-premise specialists around the country.

Brown-Forman has also actively sought to revive its struggling Southern Comfort liqueur brand, which lost 5.4% of its U.S. volume in 2014 to 1.1 million cases—about a 27% drop since its high-water mark of 1.54 million cases in 2006. Earlier this year, the company rolled out a packaging revamp and new label design across the entire Southern Comfort line—which includes Southern Comfort 100 Proof, Lime Comfort, Cherry Comfort and March's launch of Caramel Comfort (27.5% abv, \$17). "The new packaging was designed to be timeless and future-proof, remaining reverent to our past and relevant to today's market, while also standing out on shelves to further illustrate the brand's unique position within the whiskey category," says Southern Comfort brand director Lisa Hunter. In addition to the new bottles, Brown-Forman has also enlisted comedian Danny McBride in its newest marketing campaign, "ShottaSoCo," which includes a song and music video starring the actor, as well as digital short features.

Despite recent efforts to revive the brand, in late September Reuters reported that Brown-Forman was considering a sale of several brands, including Southern Comfort and its super-premium Chambord liqueur label. Last year, Chambord shed 2.6% of its U.S. volume, falling to 74,000 cases, about half of what it sold a decade ago. Brown-Forman declined to comment at the time about the rumored sale.

Another liqueur brand that has lost ground in recent years

BITTERS/APERITIFS – TOP SEVEN BRANDS WORLDWIDE

(Millions of Nine-Liter Cases)

Rank	Brand	Company	Origin	2005	2010	2011	2012	2013	2014	Percent Change ¹ 2013-2014
1	Jägermeister	Mast-Jägermeister	Germany	5.2	6.6	6.8	6.9	7.2	6.8	-5.5%
2	Fernet Branca	Fratelli Branca-Distillerie	Italy	2.5	3.8	4.4	5.0	5.6	6.1	10.0
3	Campari	Gruppo Campari	Italy	2.9	2.8	2.9	2.9	3.0	3.1	5.1
4	Aperol	Gruppo Campari	Italy	0.9	2.0	2.6	2.6	2.6	2.7	5.9
5	Camparisoda	Gruppo Campari	Italy	2.3	2.1	2.0	1.9	1.7	1.7	3.0
6	Ramazzotti	Pernod Ricard	Italy	1.3	1.2	1.2	1.0	1.3	1.2	-12.1
7	Becherovka	Pernod Ricard	Czech Republic	0.7	0.6	0.7	0.7	0.7	0.8	13.9
Total Top Seven				15.7	19.1	20.6	20.8	21.8	22.3	2.0
Other Brands				8.5	7.9	7.7	7.7	7.7	7.7	0.1
Total Bitters/Aperitifs²				24.2	27.0	28.3	28.6	29.6	30.0	1.5%

¹ Based on unrounded data.

² Addition of columns may not agree due to rounding.

Source: Impact Databank

is Hpnotiq. After surpassing the half-million-case threshold a decade ago, it seemed that the Heaven Hill brand was well on its way to becoming one of the category leaders. However, after five consecutive years of decline, Hpnotiq is down more than 40% from its peak volume. Last year, the French fusion brand was down by 4.9% to 333,000 cases. In July, however, Heaven Hill bolstered its liqueur stable by adding the ginger-flavored Domaine de Canton (28% abv, \$35), a popular brand among mixologists. Launched in 2007 by Miami-based Maurice Cooper et Cie, the super-premium brand has since expanded to 35,000 cases in the U.S. on a 25% growth rate last year.

Among the top super-premium liqueur brands in the U.S. priced \$25 and over—a segment that collectively lost 0.1% of its volume in 2014 to 1.4 million cases—Grand Marnier held onto its number-one spot last year despite a second year of flat volume at 487,000 cases. Second-ranked Cointreau, with less than half of Grand Marnier's U.S. volume, achieved a 3.4% volume bump, while Bacardi's elderflower-infused St-Germain neared 100,000 cases on a 9% increase in the U.S. market.

Fernet Branca, Campari Lead Bitters Bounce

The bitters/aperitif segment is thriving in other markets outside the U.S., especially in key markets around Europe and Australia with strong cocktail scenes. In 2014, that segment grew 1.5% to hit 30 million cases worldwide.

Jägermeister remains the global category leader, but if current trends hold, that will likely soon change. Italy's Fernet Branca continues to post some of the most impressive growth among the world's leading premium spirits brands, including a 10% bump in 2014 to 6.1 million cases. Long a force in Argentina, Fernet Branca is gradually catching on in urban markets around the U.S., with the brand especially popular in San Francisco.

Campari America's flagship aperitif has been on a successful run over the past few years, fueled by a classic cocktail renaissance in major drinks markets around the globe as well as the company's clear focus on growing its namesake brand. In the U.S., Campari (25% abv, \$27.99) shot ahead by 11.2% to 83,000 cases—continuing a double-digit growth run seen over the past five years. Boosted by efforts such as the summer's third-annual Negroni Week initiative, Campari has benefited from an overall interest in the Italian bitters-liqueur category in the U.S. market. A key focus for Campari America is also its Aperol aperitif (11% abv, \$23.99), which grew 4.7% to 37,000 cases in the U.S. last year. As well as the Negroni, Campari has been single-minded in its promotion of the Aperol Spritz cocktail—which combines Prosecco, Aperol and soda water. “Our approach has been to focus on our two stars—Campari and Aperol—but then to drive a portfolio approach with the other brands with our Drink Italian program, which leverages all our brands,” says Richard Black, vice president of marketing, white spirits & cordials at Campari America.

Those Italian brands include Cynar (\$23.99 a 1-liter), Cynar 70 Proof (34.99 a 1-liter), Averna (\$29.99 a 750-ml.), Braulio (\$34.99 a 1-liter) and Frangelico (\$24.99). “We’re focusing on the on-premise and engaging in a constant dialogue with the bartender community to drive our cocktail strategy because they are the gateway to the consumer for us. Those brands do about 60%-70% of their business in the on-premise, but we do see major opportunity in the off-premise to leverage what we already have,” Black adds.

With consumers around the globe reaching for bolder flavors in their spirits options, the overall liqueurs category is undergoing a dramatic shift in which new brands gain favor with consumers and the category's longtime leaders must adapt their approach to remain relevant.

—Kimberly Carmichael